Austria	Sch22	Indonesia	Rp3100	Portugal	Esc100
Bahrain	Din0.650	Israel	NS3.50	S Arabia	Rls6.00
Belgium	BFr48	Italy	L1600	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr9.00	Kuwait	Fils500	Sweden	SKr8.00
Egypt	E£2.25	Lebanon	$1.25	Switzerland	SFr2.20
Finland	Fmk7.00	Luxembourg	LFr48	Taiwan	NT$65
France	FFr6.50	Malaysia	Rlm4.25	Thailand	Bt50
Germany	DM2.20	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr100	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$12	Netherlands	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	Nkr8.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,350 Wednesday September 30 1987 D 8523 A

US budget: The crisis is over but the battle goes on, Page 4

World News

Heinemann plans to take spy book to UK

Heinemann (Australia), publishers of Spycatcher, plans to flood the UK with hundreds of thousands of copies of the book within the next couple of weeks following the British Government's failure to get a further ban on publication in Australia yesterday. Page 28

Pakistan accused

The Indian government accused Pakistan of launching large and repeated attacks on its troops during the past week along the disputed Siachen glacial ridge in northern Kashmir state. State-run television said Indian troops "repulsed battalion-sized attacks by Pakistani troops on Indian posts" during which artillery and rockets were used.

Bomber deaths

Three crewmen were killed when their B-1B strategic bomber struck a flock of birds and crashed in southeastern Colorado on Monday, the US Air Force has confirmed. Three airmen parachuted to safety but the pilot and two others apparently went down with the aircraft.

Reagan fights for Bork

President Reagan is to mount a last-ditch lobbying campaign to secure Senate approval of his nomination of Judge Robert Bork for the US Supreme Court. Page 4

Gorbachev meeting

Soviet leader Mikhail Gorbachev, who had not been seen in public since August 7, met a French delegation in Moscow. Page 2

Belgrade-PLO ties

Yugoslavia assured visiting Palestinian Liberation Organisation leader Yasser Arafat that it would not resume diplomatic ties with Israel or drop its support for the PLO.

East German defects

A 20-year-old East German soldier defected to West Germany by climbing border fortifications in Lower Saxony near Luechow-Dannenberg.

Spanish officers killed

Two Spanish air force officers died when their light aircraft crashed on a road near Murcia in southern Spain.

Greek strike

More than 400,000 Greek civil servants and bank workers staged a 24-hour strike to protest against a draft law that they claimed denied them adequate job security. Page 2

Spanish cocaine find

Spanish police found 50kg of cocaine when they ripped open two windsurf boards at Madrid's Barajas airport.

Amnesty speaks out

Soviet political prisoners faced harsh treatment and gruelling labour in camps and prisons, Amnesty International said. Page 2

S Africa disaster area

Durban and large areas of Natal were declared disaster areas after five days of torrential rain. Page 2

Nordic press protest

Journalists from the five Nordic countries protested against a ban by Kenya on Swedish and Norwegian journalists entering the country.

Manila march

Thousands of political activists marched peacefully through Manila during the funeral of a leading left-wing activist. Page 3

Ferry catches fire

A Philippine ferry caught fire off Manila Bay but all of the more than 150 people on board were rescued by two passing ships.

British officer appeal

A Swedish appeal court began hearing the appeal of Simon Hayward, 32, a British Life Guards captain who was jailed for five years for drug running.

Business Summary

JWT loses $200m Burger King account

J WALTER THOMPSON, US advertising agency, has lost its second largest client, Burger King, the struggling US fast-food chain, in what is believed to be the largest account move in advertising history. The account, which has billings of $200m a year, is going to America's oldest privately-held agency N W Ayer. Page 28

FIAT, Italian motor group, saw record first-half consolidated pre-tax profits of L1,820bn ($1.38bn) on sales of L19,847bn as European sales for passenger cars and heavy trucks soared. Page 29

WALL STREET: The Dow Jones industrial average closed 10.93 down at 2590.57. Page 48

LONDON: The UK stock market's advance faltered as renewed uncertainties over interest rates clouded bonds and equities. The FT-SE 100 index closed 0.2 higher at 2368.3, while the FT Ordinary index lost 1.5 to close at 1849.8. Details, Page 44

TOKYO: High-technology stocks lifted share prices although a sharp drop in the bond market hit large capital steels. The Nikkei average gained 160.66 to 25,998.00. Page 48

GOLD fell $2 on the London bullion market to close at $460.25. In Zurich it fell to $459.75 ($461.85). Page 36

DOLLAR closed in New York at DM1.8415, Y146.55, SFr1.5305 and FFr6.1225. It rose in London to close at Y146.15 (Y144.10); to DM1.8395 (DM1.8250); to SFr1.5285 (SFr1.5140); to FFr6.1225 (FFr6.0825). On Bank of England figures the dollar's exchange rate index rose from 101.3 to 102.0. Page 37

STERLING closed in New York at $1.6270. It fell in London to $1.6285 ($1.6420); to DM2.9950 (DM2.9975); to FFr9.97 (FFr9.9875); but rose to SFr2.49 (SFr2.4850). The pound's exchange rate index fell 0.1 to 73.0. Page 37

SHARES of Salomon Inc., parent company of Wall Street's largest securities firm, soared following news that Mr Ronald Perelman wanted to buy a stake in it. Page 29

PORSCHE, West German luxury sports car, announced a drop in sales for the year to July and said conditions would be harder this year as a result of currency trends and the weakening US market. Page 32

BLUE ARROW'S £837m ($1.3bn) five-for-two rights issue - the largest ever launched in the UK - was taken up by only 48.9 per cent of the British employment agency's shareholders, well down on the 70 per cent it forecast. Page 7

GEORGE FISCHER, Swiss engineering concern, expects 1987 group earnings to remain near last year's level, at SFr37m ($24.5m). Page 32

SOLVAY, Belgian chemicals group, announced a 23 per cent increase in net profits, to BFr5.99bn ($158m), for the first six months of 1987. Page 30

BRIERLEY Investments, New Zealand investment group, has sold its 19.7 per cent stake in Australian video company Communications and Entertainment for A$9.7m (US$7m). Page 32

RUSTENBURG Platinum, South African mining group, expects after-tax profits for the first half to be about 10 per cent higher than the R195.8m ($95m), achieved in the corresponding period of last year. Page 32

CAMPBELL and Ehrenfried, private investment group associated with Douglas Myers, chairman of brewers Lion Corp, said it would acquire about 30 per cent of the shares in retailer L.D.Nathan and Co. Page 32

BANK NEGARA, Malaysian central bank, has taken control of Supreme Finance, the loss-making finance company of Tan Koon Swan, the Malaysian Chinese businessman and politician who is serving a two-year jail term in Singapore for stock market manipulation. Page 32

MICROSOFT, the Californian software company, is considering a site in Europe for a new development centre. Page 29

Camdessus initiative likely to be welcomed by world bankers and developing countries

IMF to strengthen role in Third World debt crisis

BY ALEXANDER NICOLL IN WASHINGTON

THE INTERNATIONAL Monetary Fund announced yesterday that it would undertake a broad review of its lending policies to reinforce its role in handling the five-year-old developing country debt crisis.

Mr Michel Camdessus, addressing the annual meetings of the IMF and World Bank for the first time since taking over as managing director, signalled plans to revitalise the IMF's approach.

The design of economic adjustment programmes would be reviewed in the light of the longer-than-expected recoveries of debtor countries from balance-of-payments problems. The Fund, he suggested, might target a smaller number of economic criteria and monitor them over a longer period.

The initiative is likely to be welcomed by all players in the debt problem.

Amid worsening difficulties even for relatively well-off middle income countries and a greater atmosphere of confrontation during Brazil's seven-month payments moratorium, the IMF is currently a net taker of funds from developing countries.

The IMF's revamped role, Mr Camdessus said, should complement strengthened co-operative efforts to cope with the debt crisis, including economic reforms in debtor countries and the provision of more financing by all creditors, more quickly and more innovatively, to countries which undertook reforms.

As well as monitoring economic adjustment programmes and mobilising finance from other sources, the Fund must itself contribute financially, Mr Camdessus said. "It is possible, in fact, that greater use of Fund resources will be necessary than contemplated earlier."

The Fund would relax neither its conditionality nor its rigour in expecting countries which borrowed from it to meet their obligations to it.

"This does not mean, however, that when times are tough we should confine ourselves to collecting our claims and burying the money in a strong box. We cannot be oblivious to the payments needs of countries pursuing strong policies that merit continued support."

He detailed three areas in which stepped-up IMF support could be considered:

- The Extended Fund Facility, a mechanism designed to provide money for longer than normal periods to support structural adjustment, could be used more
- A review of the Compensatory Financing Facility, which lends to countries suffering from falls in export prices, was "high on the agenda;" and
- The design of economic adjustment programmes would be reviewed to take into account the lesson that it takes longer to achieve lasting recovery from balance of payments crises, especially if there are external developments beyond the control of individual countries.

On this score, Mr Camdessus said contingency mechanisms could be used. Conditionality could be strengthened rather than weakened "if it were predicated on a smaller number of economic variables with somewhat longer time frames."

IMF report, Page 4; editorial comment, Page 26.

Reagan puts pressure on Tokyo and Bonn

President Reagan addressing the IMF - World Bank meeting yesterday, during which he called on Japan and West Germany to match cuts in the US budget deficit with action to stimulate their economies. He said "surplus countries" should "find the political gumption to stimulate their economies without reigniting the fires of inflation." Mr Reagan's strong phrasing underlined what officials called US determination to maintain pressure on both Tokyo and Bonn. "As US budget and trade deficits decline, other countries must pick up the slack," he said. Report of speech and analysis of budget decision, Page 4.

Dollar rises strongly after large Tokyo purchases

By STEFAN WAGSTYL IN TOKYO AND JANET BUSH IN LONDON

THE DOLLAR rose strongly yesterday after substantial purchases by Japanese banks in Tokyo.

The Japanese buying followed the weekend's communique on currency stability from the Group of Seven leading industrialised nations and came as a surprise to many European and US foreign exchange dealers, who had been unimpressed with the results of the G-7 meeting and expected it to have little impact on the markets.

The rally faltered briefly in Europe after Mr Karl Otto Poehl, President of the Bundesbank, West Germany's central bank, told reporters in Washington that West Germany had done what it could to stimulate its economy.

Later, however, the dollar rallied again as US traders followed the Tokyo market's lead, closing at DM 1.841 and Y146.55 in New York.

Meanwhile, in London the Bank of England intervened substantially yesterday morning to reduce sterling's strength against the West German currency.

The action was highly visible and seemed to be aimed at preventing a rise above DM 3.00, widely seen as the top of the authorities' preferred range for the pound.

In London the dollar closed at DM 1.8395, compared with Monday's closing DM 1.8250 and at Y146.15 after Y144.10.

The Bank of England's assault on sterling left the pound slightly lower at the close yesterday at DM 2.9950, compared with Monday's closing DM 2.9975. It was also sharply lower against the rising dollar at $1.6285 after $1.6420. In New York, it slipped further, to close at $1.6275.

In Tokyo, the dollar had leapt to its highest level for more than a month against the yen. In sometimes hectic business, it reached a high of Y146.25 before slipping to close at Y146.05.

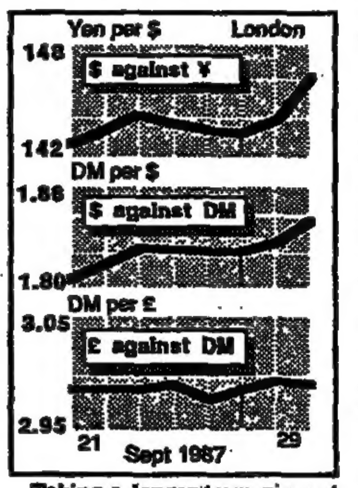
Bond prices also fell heavily, reflecting investors' concern about a possible resurgence in inflation and forcing the Japanese Ministry of Finance to announce yesterday a change in its financing plans for October "until order was restored to the bond market."

The ministry is postponing for about five days a planned auction of 20 per cent of the monthly primary offering of 10-year bonds due later this week.

However, officials said there were no plans to cancel the auction - the first of its kind for 10-year government bonds and the result of foreign pressure for more open markets.

The yield on the benchmark 89th issue 5.1 per cent government bond rose from 5.785 per cent to more than 6 per cent for the first time this year.

Bankers, however, said the rise in long-term interest rates was unlikely to drive Japan into raising short-term rates and risk provoking the anger of the US and other G-7 members, which have been voicing concern about the upward drift in rates worldwide.



Taking a longer-term view of the dollar, analysts in Tokyo and other centres view the currency's current surge as a speculative reaction to the news from Washington and feel that it will fall again at some stage.

However, foreign exchange dealers cited firmer US interest rates as underpinning the dollar at the moment.

Six-month Eurodollar deposit rates rose to 8¼ per cent in London yesterday, while US bond prices fell, partly on concern about higher interest rates. The yield on the benchmark US 30-year bond rose to 9.8 per cent at mid-afternoon in New York

Money markets, Page 37

Agreement close on capital adequacy

By Philip Stephens in Washington

CENTRAL BANKS of the Group of 10 leading industrial nations are close to agreement on establishing common minimum standards for the capital adequacy of their commercial banks.

According to central bank officials at this week's annual meeting of the International Monetary Fund, a technical committee - the so-called Cooke committee - established by the governors of the G-10 central banks, has agreed a joint report on the issue.

That report is now being reviewed by the central banks and by governments. Officials in Washington said they were confident it would provide the basis of an early agreement. An announcement of the accord is expected in December or January, although the new rules would be phased in over several years because in many countries they would require legislation.

The drive for common standards began following a joint initiative by the British and US central banks to set common rules for the capital requirements for banks operating in the two countries.

Other central banks were then invited to join the harmonisation process, and Mr Robin Leigh Pemberton, Governor of the Bank of England, has led a determined campaign to secure a wider accord.

According to the officials, the technical committee has drawn up an agreed definition of capital adequacy, which will provide the basis for common minimum capital requirements. This definition involves a shared basis both for assessing various types of bank capital, and for the risk weightings applied to different types of assets.

One official suggested that the minimum might involve a capital ratio of 4 or 5 per cent of a bank's balance sheet, as defined by its risk/asset ratio.

That, the official said, would involve substantial increases in capital requirements for Japanese and French banks, in particular. British banks would not see significant changes in their present position.

Some obstacles remain, however, before the details are agreed. West Germany, which has only recently completed a major overhaul of its banking legislation, is reluctant to embark on a further round of changes in the near future. There is also a question mark over the implications of any agreement for the hidden reserves held by West German

Continued on Page 28

US Senate votes for an embargo on oil from Iran

By Lionel Barber in Washington

THE US SENATE last night unanimously approved an embargo on Iranian crude oil and other imports, increasing pressure on the Reagan Administration to impose trade sanctions against Tehran.

The embargo was sponsored by Senator Robert Dole, the Senate minority leader and Republican presidential candidate, who attached an amendment to a defence spending bill barring imports of Iranian goods, including some $700m of crude oil into the US.

The House of Representatives must still approve the measure and final passage of the defence bill is still some weeks away. But the strength of Senate support makes some form of US trade sanctions against Iran more likely at a time of escalating military and diplomatic tensions between the two countries.

Senator Dole, a Republican presidential contender from Kansas, indicated he had support from Mr George Shultz, US Secretary of State, in recent talks and expected the administration to back the move. A White House official said: "We want to take a look at it."

Senator Dole said he wanted to send a message to Iran that the US "will not tolerate business as usual", claiming that Iran had fired Chinese Silkworm missiles at Kuwait and mined the Persian Gulf in its seven-year war with Iraq.

US imports from Iran cover up to $700m of crude oil a year, accounting for 11 per cent of the nation's imports. The US exports only $30m to $40m of goods to Iran. So far this year, Iran is the tenth biggest exporter of crude oil to the US, which is itself a powerful oil producer.

But a summer buying spree by US oil companies pushed Iran into second place in July, behind Mexico. They bought large quantities of Iranian crude on the European spot market, pumping much-needed dollars into Tehran's war economy.

PHH and Avis

Yesterday's page one report on the employee buy-out at Avis stated that Wesray Capital Corporation, Avis's parent, had disposed of PHH, which was wrongly described as a leasing subsidiary of Avis.

In fact, PHH is an independent company which has never been owned by Wesray or any other organisation. It acquired the leasing business of Avis - including the right to use the Avis name - from Wesray.

We apologise for our error.

Queen Elizabeth warns Fiji as Rabuka prepares new regime

BY CHRIS SHERWELL IN SUVA

COL. Sitiveni Rabuka, Fiji's new military ruler, was last night preparing to announce an interim government and looking for a new head of state as Queen Elizabeth warned that anyone attempting to remove her Governor-General would be repudiating their "allegiance and loyalty" to the Crown.

Sir Geoffrey Howe, Britain's Foreign Secretary, warned last night that Col. Rabuka risked greatly increasing the "tragic damage already inflicted by the coup."

Although he has not yet forcibly removed Ratu Sir Penaia Ganilau, the Governor-General, Col Rabuka has withdrawn recognition of him, abolished the 1970 constitution and announced that he will eventually declare a republic.

His dramatic moves yesterday transformed the South Pacific state's second coup in five months into a virtual revolution, and provoked immediate condemnation from the country's judiciary.

The Australian Government suspended a £2m ($3.4m) aid programme and indicated that it would not accept a new Fijian high commissioner in Canberra as a result of the latest events.

New Zealand said it would suspend development aid, curtail its defence co-operation and recall New Zealand judges who were serving in Fiji.

The US has stopped its £1m aid programme and Britain is considering halting its £4m of aid.

If a republic is declared, Fiji will automatically cease to be a member of the Commonwealth and further aid from that source could then also be at risk.

"I will issue a proclamation declaring Fiji a republic and myself interim head of government," Col. Rabuka said in a broadcast over army-controlled Radio Fiji. He gave no timetable for the move, although speculation focuses on October 10, the anniversary of Fiji's independence from Britain in 1970.

Outside intervention to overthrow the new regime seems unlikely unless Ratu Ganilau specifically calls for it. The chances of this appear remote, and Col. Rabuka has warned other countries not to interfere.

Yesterday, Ratu Ganilau was still in Government House and by all accounts in fighting mood. "If they make me leave here, I'll go in irons or dead," he told visitors. "They'll have to shoot me in the head first."

In a nationwide broadcast, Col. Rabuka said he had assumed full authority over national affairs. He would be chairman of a Council of Ministers which would include civilians and some military figures.

According to his broadcast, a new constitution is being drafted which will be promulgated "soon." In the meantime orders and regulations for the administration of the country will be promulgated by decree.

At a press conference, Col. Rabuka said he "definitely" intended to return the country to civilian rule but could not give a date.

Col. Rabuka admitted that he was worried about the Queen's reaction to events in Fiji, but suggested that she might be under pressure from Commonwealth countries. A statement from Buckingham Palace yesterday said: "Her Majesty hopes that even now the process of restoring Fiji to constitutional normality might be resumed. Many Fijians hold firm their allegiance to the Crown and to the Governor-General as the Queen's personal representative."

As for the economic consequences of his action, Col Rabuka acknowledged that he was concerned about the damage,

CONTENTS

LONELY WAR AGAINST UGANDAN CORRUPTION

President Yoweri Museveni, who created an inspectorate to fight embezzlement, Page 3

SPAIN AND BRITAIN THROW OUT COMPROMISE PROPOSAL

EC fails to break airline reform deadlock

BY WILLIAM DAWKINS IN BRUSSELS

AN ATTEMPT by France to unblock the long-delayed European Community airline reform package has collapsed. *Worries* are, as a result, growing in the European Commission that the scheme now has little hope of coming into full effect by the key 1992 deadline for the creation of a generally free internal market.

The reforms to airlines capacity and route-sharing accords were to have started taking effect on October 1 moving in two phases of two years each to reach full impact by late 1991. Failure to keep *to that* already tight schedule will mark an important setback in the EC's internal market campaign.

The liberalisation proposals have been blocked since June by a diplomatic row between Britain and Spain over the *status of Gibraltar airport*, included in the package as a UK regional airport. A French compromise scheme, floated earlier *this* month, *aims to* allow member states to regulate national airlines "in harmony" with the blocked EC directives until London and Madrid have sorted out their differences. But both governments threw out the compromise as possibly jeopardising their own bilateral talks on Gibraltar.

The setback which comes on top of fresh administrative delays in the European Parliament, because of the new consultation procedures, has left the Commission at a loss. "Everybody put so much work *into this package* in the summer that they do not know what more they can do," said one Commission official.

Brussels is meanwhile proceeding more slowly than expected in its separate legal campaign to force individual carriers to fall into line with EC competition laws.

EC competition authorities had *originally* hoped to have persuaded airlines to change their market sharing agreements by today. As it is they are *only halfway through* analysising replies from 10 major airlines to Commission demands for details of how they plan to reform their agreements. Talks have yet to start with three more airlines drawn later into the case.

Brussels now plans to wait until it has also studied the airline's new winter schedules for the period starting on October 1 before issuing, possibly within the next few weeks, so-called "reasoned opinions," laying out the most blatant contraventions of EC competition rules.

This would expose the carriers concerned to individual legal action by customers, though Commission officials are concerned that this may not in practice be an effective sanction. Legal officials have as a result been asked to examine other ways of enforcing competition rules in air transport in the absence of agreement on the general air reform package.

Eutelsat agrees to recognise Astra television satellite

BY RAYMOND SNODDY

SES, the private Luxembourg company planning to launch a 16-channel television satellite next year, has reached an important accommodation with Eutelsat, the Western European satellite communications organisation.

The board of Eutelsat, the Paris-based body representing 26 European post and telecommunications organisations (PTTs), has in effect recognised Astra, the SES satellite in which Thames *Television has* a stake.

After more than a year of negotiations the Eutelsat board has decided that Astra would not cause the European satellite monopoly "significant economic harm" and is prepared to allow the satellite to be "coordinated" with Eutelsat as long as it sticks to the provision of *television* and does *not offer* telecommunications services.

A similiar position was taken by Intelsat, the US-based international satellite organisation earlier this month. Both decisions have to be ratified by *assemblies later this year.*

"This means they have accepted us as a competitor to their own systems," Mr Carlo Rock, marketing manager of SES, said yesterday.

The decision also means that Astra can now *begin* marketing its channels and negotiating with Europe's PTTs about uplink rights—transmitting programme channels up to the satellite from their countries of origin.

The nego*tiations within* Eutelsat were particularly difficult because Luxembourg is a Eutelsat member and because British Telecom, the UK Eutelsat representative, has a marketing agreement with SES to market up to 11 of the 16 channels.

Astra is a medium-power satellite designed to feed television *channels* both to cable television networks across Western Europe and to be received on individual dish aerials.

SES has claimed that a 60cm dish will be large enough to pick up a good quality picture in 97 per cent of the French, German and English-speaking homes in Europe, although this is disputed by some engineers.

The Eutelsat agreement has come partly because the organisation plans to launch its own medium-power satellite *at* the beginning of 1990 which will allow it to compete with Astra.

Apart from Thames Television, two other British ITV companies—Ulster Television and Television South West—have expressed interest in taking small stakes in the £125m venture.

Cable television channels are at *present* carried *on* two satellites and Astra hopes it will become "the hot bird"—the satellite that television programmers want to be on.

Bush visit does little to improve Polish ties

By Christopher Bobinski in Warsaw

MR GEORGE BUSH, the US Vice-President, left Poland yesterday after a four-day stay with some useful television footage for his forthcoming presidential race. But he took away little substantial improvement in official Polish-American *relations beyond the progress* already made in the 12 months since political prisoners were released last autumn.

Meetings with General Wojciech Jaruzelski established that the Polish leadership, while continuing to talk of planned economic reforms, was unwilling to make political concessions such as recognising the banned Solidarity union, which the US still appears to be looking for.

Mr Bush, while waving the carrot of economic assistance *if* Poland were to work towards pluralism and democracy, provided little hope — apart from an offer to reschedule up to $10bn worth of credit payments falling due to Paris Club countries between 1986 and 1988 — that the hitherto tough US stance on new credit guarantees would change all that much.

Polish disappointment was reflected in a statement yesterday by Mr Jerzy Urban, the government spokesman, implying that much of the visit had been no more than an electioneering stunt. He wondered why Poland should deserve aid were its system to be liberalised, since the US did not help Western democracies when they were in economic trouble.

Nevertheless, in sharp contrast to the mutual recrimina*tion of the sanctions period*, when US officials sometimes referred to General Jaruzelski as a Russian general in Polish *uniform*, the visit by the highest ranking American to visit Poland since President Jimmy *Carter in 1977, has* seen a change in the language the two sides are prepared to use.

Indeed, the early years of martial law, when President Ronald Reagan wielded the big stick and demanded that repres*sion be rolled back, left* the US with little freedom of manoeuvre to try and influence internal development. Now that has changed.

As he arrived, Mr Bush said he had not come to "disrupt or *divide*," and *he often repeated* that it was not Washington's place to tell Poland what to do. He signed a scientific and cultural agreement which had been in place since the 1970s and had since lapsed and ambassadors are *now be be exchanged.*

In an unprecedented concession, the Polish authorities let Mr Bush broadcast live on prime time television to tell millions of delighted viewers that he had not only seen Gen Jarezulski and Cardinal Josef Glemp, the church leader, but also Mr Lech Walesa and his Solidarity colleagues.

They also heard him refer to the right of free association in independent and self-governing organisations, a clear reference to Solidarity as a central tenet of the American way.

The five-minute television speech in effect *sums* up Mr Bush's message throughout the trip which was that progress with economic reform and political change would evoke US economic aid.

It was a high point *for* the Pole watching in his armchair. For during the visit it was mostly in their armchairs that Poles had stayed. Even at the weekend *numbers* who came to see the Vice President were small, and liberally interspersed with bus loads of plain-clothes police who attended wherever he went.

There was no comparison to the wild enthusiasm which accompanied say, Mr Richard Nixon's visit in the *late* 1950s when Poles still believed that the US could *significantly affect* their political situation.

Nevertheless, Mr Bush did give a political boost to Mr *Walesa and Solidarity* on Monday morning. No doubt to the horror of those who care about protocol, he gave him a lift in his official car to the grave of Fr Jerry Popieluszko, the murdered Solidarity priest.

There, after laying a wreath, Mr Bush went out on to a balcony above the chanting crowd and gave the Solidarity victory sign. It was *done for* the voters back home, but it also seemed to tie the US to the continued support of the banned union.

Gorbachev back at the helm in Moscow

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV met a French delegation in Moscow yesterday at the end of a *month's holiday which had led* to reports in the foreign press that he was seriously ill with food poisoning.

He told members of the delegation, which included Mr Pierre Mauroy, the former French Prime Minister: "I believe there has been some suggestion that I have taken too long a holiday. I can tell you I earned it. I was *away* for exactly a month, from August 24 to September 24."

This does not explain why Mr Gorbachev has not been seen since August 7 but the chief significance of the alarm caused by reports that he was ill is to underline the degree to which Soviet political and economic reform is seen as dependent on his leadership.

Last year, Mr Gorbachev's holiday in the south led to rumours in the capital that he had been wounded in an assassination attempt. When the Communist Party daily newspaper, Pravda, printed his *photograph* showing him talking to a crowd it was suggested that *his* wife, Raisa, had been injured.

Added credibility is given to these rumours in the eyes of ordinary Soviet citizens when they *are* beamed back into the Soviet Union by foreign radio stations.

Explaining the direction of his reforms, Mr Gorbachev yesterday told the delegation that he faced no political opposition in the Soviet Union. He said he had spent his holiday finishing a book and preparing an important speech to be delivered on the 70th anniversary *of the Bolshevik Revolution.*

The keynote speech for the anniversary celebrations is likely to spell out the direction which Mr Gorbachev thinks the Soviet Union should take. Its tone will also show the balance in the politburo between radical reformers and those who want incremental change.

Mr Gorbachev faces two other *major tests before the end of* the year. The first is a meeting, probably in October, of the 300-member Communist Party Central Committee, which groups all senior Soviet officials. Before his holiday he said the committee would discuss agricultural policy, changes to which are central to effective economic reform.

Soon after the anniversary celebrations on November 7, Mr Gorbachev is likely to leave for Washington for a summit with President Ronald Reagan and the signing of an agreement abolishing medium- and shorter-range nuclear missile.

● Mr Anatoly Dobrynin, party secretary for foreign affairs and a key architect of Soviet *foreign policy, is* to visit Bonn at the invitation of the Social Democratic Party from October 8-13 for talks with senior West German politicians.

Pill-popping French top drug table

By George Graham in Paris

FRANCE IS moderating its traditional image of Gallic excitability, but at the expense of becoming dependent on tranquillisers and sleeping pills.

Consumption of tranquilisers in France rose by two thirds between 1978 and 1985, and the country *is* now the largest per capita user of such drugs in the world.

Each French adult uses on average 75 *tranquillisers* or sleeping pills a year, five times as many as in the US—*often reputed to* be Valium-dependent—where consumption has fallen by half over the past five years.

The French Government is trying to persuade people to use fewer drugs in general. Overprescription and the multiplication of placebo drugs are viewed as one of the reasons that France's medical budget is *overspending* dramatically.

Expenditure on pharmaceuticals by the *social security system last year* increased by 7.5 per cent in real terms. Drugs of all descriptions account for around 1.6 per cent of gross domestic product, twice as much as in the UK.

Medical experts compare the heavy increase in the rate of tranquiliser dependence (where other countries have managed to reduce consumption) with France's poor performance in reducing tobacco use.

Doctors speaking yesterday at the Bichat meeting—France's annual medical conference—warned that prolonged use of tranquillisers (from four to six months onwards) was now recognised to have dangerous side-effects. A third of the 10m French users of the drugs have been taking them regularly for more than a year.

French doctors warn that tranquillisers are particularly dangerous *if coupled with* alcohol or taken in excess doses. Moments of amnesia and confusion have been observed, while difficulties of concentration and daytime sleepiness resulting from tranquilliser use can rebound on user's school of work performance and

Charter 77 backs rights meeting

By Judy Dempsey in Vienna

THE Czechoslovak independent human rights group, Charter 77, has sent a letter to the Conference on Security and Co-operation *in* Europe (CSCE) review meeting in Vienna welcoming the Soviet proposal to hold a meeting on humanitarian issues.

The letter comes as the 35 participating states of the CSCE, which includes the Soviet Union, the US and Canada, and all Eastern and Western European countries except Albania, are attempting to draft a final document.

Of the many proposals under discussion, the one to arouse most interest is the suggestion by the Soviet delegation that a meeting on humanitarian issues should be held in Moscow as part of the CSCE process.

So far the Soviet delegation has given *few details* about the conference, but Western delegates in Vienna say the Soviet Union is "desperately keen" to hold a conference. "It would give the Soviet authorities enormous prestige," one commented.

Western delegates have insisted that if the West begins to consider such an idea, it will have to be on the basis that the conference will be open. That means that all non-governmental agencies, dissidents, human rights activists, people who left the Soviet Union but want to attend, *should* be allowed *to come to* Moscow.

Meanwhile, Mr Yuri Kashlev, the head of the Soviet delegation, has announced that the International Helsinki Federation for Human Rights can visit Moscow and hold talks with senior Soviet officials on a wide range of issues.

"The fact that they are being allowed *to* visit Moscow *suggests* that the Soviet authorities are very serious, not only about improving their image on *human rights*, but *also* winning support for the conference," a Western diplomat said.

Sandoz pays for Rhine spill

BY PAUL BETTS IN PARIS

SANDOZ, the Swiss chemicals group, will pay FFr 46m (£4.4m) in damages for the pollution caused to the French waters of the Rhine by the *major spillage of pesticides* following the fire last year at the company's Basle warehouses.

Mr Alain Carignon, the French Environment Minister, said the Government was pleased with the out-of-court settlement and the speed with which it was negotiated.

Although France had initially estimated the damages caused by the *spillage* at more than FFr 250m, a number of specific complaints could not be justified by various French parties.

Moreover, the French authorities indicated yesterday that they preferred to seek a rapid out-of-court settlement with the Swiss company rather than go through lengthy litigation in *the courts as was the case with* the Amoco Cadiz oil spill off the coast of Brittany in 1978.

Sandoz also said that it had agreed separately to set up a special foundation with funds of FFr 40m to finance projects to safeguard the environment of the Rhine.

The settlement is the first bilateral agreement between Sandoz and one of the country's affected by the Basle spillage. Mr Carignon said yesterday that he hoped similar bilateral agreements would be reached between the Swiss group and *the other countries, including* West Germany and the Netherlands. French officials expect the spillage to end up costing Sandoz a total of about FFr 150m in settlements.

The spillage occurred last November when large quantities of pesticides polluted the Rhine after the Sandoz warehouses in Basle caught fire. The accident, which killed hundreds of thousands of fish and eels in the Rhine and prompted emergency procedures to safeguard municipal water supplies, was one of Europe's most serious environmental disasters of recent years.

Belgrade party leader quits

THE HEAD of the Belgrade Communist Party branch, Mr Dragisa Pavlovic, resigned yesterday after losing a power struggle in the Communist leadership of Serbia, Yugoslavia's biggest republic, Reuter reports from Belgrade.

The official Tanjug news agency said Mr Pavlovic announced his resignation as a result of a stormy session last week of party leaders of Serbia, the region where Belgrade is situated.

The Serbian Central Committee ousted Mr Pavlovic on Friday after accusing him of publicly obstructing party policies in the ethnically-troubled Kosovo province, which is part of Serbia. Until then he was a member of the Serbian party branch's collective presidency.

Political analysts say Mr Pavlovic lost in a power struggle between rival Serbian leaders, Mr Slobodan Milosevic and Mr Ivan Stambolic.

Mr Pavlovic accused the party of taking too hard a line under Mr Milosevic's leadership against ethnic Albanian nationalism in Kosovo while going soft on the nationalism of the province's minority Serbs.

Aleksandar Lebl adds: Yugoslav banks are due to raise interest rates tomorrow on deposits by 40 percentage points. The rates will now range from an annual 131 per cent per on three-month deposits, compared with the current 92 per cent, to 136 per cent for 36 month deposits.

Greek public sector hit by civil service strike

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE'S 300,000 civil servants went ahead with a planned 24-hour strike yesterday in protest at a bill on hiring and terms of work in the public sector, despite eleventh hour concessions granted by the Government in a *bid to avert the* action. The bill is being debated in Parliament this week.

Services affected by the strike included government ministries, customs and tax offices, hospitals and schools.

The main point of contention between the civil servants' trade union federation, ADEDY, and the Socialist Government concern provisions included in the original draft of the bill banning civil service employees from political activity, extending the trial hire period for new employees from two years to three, and making *transfers* compulsory.

According to the Government, the bill was intended to render Greece's wasteful and excessively large public sector apolitical as well as more efficient. The public sector has been used by successive governments as an instrument for what is known here as *Rousfeti* the granting of political favours, *in* this case in the form of jobs.

The Conservative opposition accused the Socialists in Parliament this week of showing tardy concern and alleged that the present Government had itself inflated the broader public sector payroll with thousands of "political hirings."

In a set of modifications to the bill announced on Monday the contentious provisions were changed to permit free political speech and activity during working hours. Civil servants who ran for political office but failed to win election would be able to return to their old departments after one year.

In addition, transfers affecting key posts would be subject to prior application by the employee concerned. The three-year trial period would be maintained but "social criteria" would be taken into account in deciding which among several candidates of the same level of performance should be given a permanent contract.

THE US and Greece have agreed to begin full-scale negotiations soon on American military bases in Greece, Reuter reports from New York. Mr Charles Redman, the US State Department spokesman, said the agreement was reached during a 45-minute meeting between Mr *George Shultz, the* US Secretary of State, and Mr Karolos Papoulias, the Greek Foreign Minister.

Amnesty says Soviet political prisoners still harshly treated

SOVIET political prisoners face harsh treatment and gruelling labour in camps and prisons despite Mr Mikhail Gorbachev's proclaimed social reforms, the human rights group Amnesty International said. Reuter reports from London.

The london-based organisation's report for 1986 also *criticises* the *US for* death sentences on juveline offenders.

Governments in South America, Asia and Africa had similarly stepped up the use of capital punishment and torture, said Amnesty. One party secretary in China, for instance, had ordered the torture of 17 people he suspected of stealing a part of his bicycle bell.

Executions, amputations, torture, and detention of political *prisoners were widespread* in the Middle East and North Africa, the report said. Iran and Iraq were among the worst *offenders, with a great number* of executions and inhumane punishments.

"The organisation recorded a number of cases of stoning to death, amputation of fingers, mutilation, and flogging carried out as forms of judicial punishment," Amnesty said of Iran. In Iraq, there were widespread arbitrary arrests and the detention of hundreds of political prisoners and routine torture by the security forces.

Amnesty welcomed moves towards openness in the Soviet Union in a year when Moscow showed a *more* "liberal" face to the West by ending dissident physicist Mr Andrei Sakharov's internal exile. Fewer people had been arrested for political offences, but the treatment of inmates remained harsh.

"Prisoners were kept on monotonous, meagre rations, with only rudimentary medical care, and had to meet excessively high work targets often involving heavy physical labour," it said.

This year, Soviet judiciary officials had promised reforms in the country's legal system, *allowing prisoners rights to* appeal. Some had even hinted that harsh laws allowing 10-year sentences for "anti-Soviet agitation" might be banished.

But Amnesty said that, in 1986 at least, 11 people were jailed under the law, all in secret trials. A further 30 were convicted of the less serious crime of anti-Soviet slander.

Amnesty accused the US of holding at least 32 people under sentence of death for murders carried out when they were under the age of 18.

China had also made wide*spread use of the death penalty* and local officials had not shrunk from torture and arbitrary brutality, Amnesty said. Condemned prisoners were paraded through the streets with placards around their necks on their way to execution despite a government assurance that the practice had been stopped, Amnesty said.

In South America, Chile's right-wing government had developed a "new strategy of terror," using undercover squads to kidnap and kill political opponents. The Amnesty report *complained of increasing reluct*ance by many countries to grant asylum to refugees. It said several Spaniards of Basque origin had been returned to Spain despite their claims that they were political refugees.

Paul Betts, recently in Luanda, finds increasing French economic and political influence in a former Portuguese colony

France takes the long view of its growing links with Angola

THERE is a feeling of *la vieille France* on the Licorne Pacifique — a large oil tanker permanently moored by the offshore oil rigs operated by Elf-Aquitaine, the French oil group, at the north-western tip of Angola.

At lunchtime five courses are served up including *confit de canard* and *pommes de terre a l'ail* as well as the best French cheeses and wines, not to mention the *poire* and cigars at the *end. At dinner, on the day I* visited the Elf field, there was *soup de poisson* followed by steak and chips and cheese. In Angola, *where food and clean* water are increasingly rare commodities, the opportunity for this kind of meal does not appear every day.

A little further down the Atlantic coast at Ambriz, the French Bouygues construction group, the world's largest, operates Angola's first and only offshore rig yard. The Bouygues managers are lodged in a charming little compound facing the sea with a floodlit tennis court and a teacher specially flown out from France for the three French children living there.

In Luanda, the capital, the French these days easily outnumber other Western expatriates. At a party at the French embassy, representatives from large French enterprises and the *agent for* Paribas — "the only Western banker permanently stationed here," I was told — tucked into the cambembert and the roquefort. In Angola more people speak French than English and French seems to be fast becoming the second language after Portuguese.

"The French have been descending in force in Angola," remarked a Western diplomat who has been stationed in the country for the past two years. "They seem to be taking the long view on Angola and on this part of Africa in general, unlike some other Western countries." Indeed, where the Portuguese and the Belgians left in west and central Africa, the French have been moving in.

The smell of oil and the region's other bountiful natural resources have increasingly lured the French down the west African coast to countries which for Paris at least seem to be a natural extension of Francophone Africa. And nowhere is this active French African policy more evident than in Angola.

France today is already the second largest supplier of equipment and goods to Angola after the Soviet Union and well ahead of Brazil and Portugal. The UK is way down in 10th place in *the list. France,* Angola's largest Western creditor, is now seeking to boost even further its inroads into Angola and its *commercial relations with the* Marxist regime of President Jose Edouardo dos Santos.

President Dos Santos: Started European tour in Paris

Indeed, President dos Santos began his recent tour of main European capitals in Paris, seeking to win greater Western support for his country drained by a seemingly endless war against the South African and US-backed Unita rebels of Mr Jonas Savimbi.

France is expected to grant Angola about FFr 40m in bilateral aid over the next two years to help ease the country's chronic economic situation. It is also expected to back a further $116m in emergency Western aid requested by the Luanda Government.

Angola, which has just announced its intention to apply for formal membership of the International Monetary Fund as a first step to trying to reschedule its $4bn external debt, is also expected to ask France to sponsor its IMF application. At the same time, Paris appears willing to reschedule on a bilateral basis Angola's debt payment arrears with France.

More significantly, President dos Santos appears to have gone *out of his way to make an overture* to France by his direct intervention to help secure the release this month of Mr Pierre Andre *Albertini*, the French aid worker jailed in South Africa. He even went as far as lending his personal jet to the French *emissaries negotiating* the release of Mr Albertini with Pretoria. "It was a gesture of goodwill towards France and the West," explained an Angolan government official in Luanda last week.

Angola's role in the Albertini affair also appears to have eased some recent strains between Paris and Luanda after a number of leading French right-wing politicians, including Mr Francois Leotard, the culture minister, and Mr Jacques Chaban Delmas, the president of the French National Assembly, received Mr Savimbi in France.

Now *it seems* to be Mr Savimbi's turn to be angry with France. His Unita guerrillas bombed some equipment of the French Dumez civil engineering and construction group near Luanda and also issued a warning against Elf-Aquitaine. The state-controlled oil group, which has a heavy presence in *Gabon* and Zaire, is by far the biggest of the French operations in Angola.

It has been remarkably successful in *discovering* oil in the offshore Block 3 in the Soyo region near the Congo river estuary. The field, 50 per cent owned by Elf, is now expected to see its production rise to about 120,000 barrels of high quality crude a day by next year, making it the country's second largest field after the Chevron-Gulf operated Cabinda field, whose production is expected to top 250,000 b/d by the end of the year.

Total, the other large French oil group, has now also decided to invest in the Angolan offshore, while the Bouygues offshore yard operation continues to supply the continuing and accelerated Angolan oil exploration and development programme.

Angola is currently more than ever dependent on Western technology and expertise for its *oil industry*, the only sector of the country's battered economy which has been immune to the civil war and the country's main foreign revenue earner.

Angola is also now increasingly eyeing the West, especi*ally France, to diversify* its traditional arms supplies beyond its Soviet allies. Indeed, the Angolan Defence Minister *said that France* had already supplied Dauphin, Gazelle and Alouette helicopters to Luanda. Negotiations are now under*stood to be* taking place between Angola and French groups like Aerospatiale and Thomson, which is already supplying about $50m worth of communications equipment for new contracts totalling between FFr 2bn and FFr 3bn.

"You've got to hand it to the French, they have lanched into Angola their formidable African petro-politico-military-industrial machine. There are obvious risks in such an approach, but the pay-off can ultimately be huge," remarked a Western businessman in Luanda.

FINANCIAL TIMES
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R. A. F. McClean, G. T. S. Damer, M. C. Gorman, D. E. P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: D. Albino, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1, © The Financial Times Ltd, 1987.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

OVERSEAS NEWS

Activists turn Manila funeral into protest

BY RICHARD GOURLAY IN MANILA

THOUSANDS OF political activists marched peacefully through a nervous Manila yesterday behind the coffin of a leading left-wing activist, who was assassinated 10 days ago by unknown gunmen.

The marchers denounced the "US-Aquino dictatorship" and accused the Government of sliding towards fascism before laying the body to rest.

The killing of Mr Leandro Alejandro and the large protest march yesterday unnerved a capital that is still reeling from a failed military coup in late August and the Cabinet revamp which it triggered. No-one has claimed responsibility for the killing and police investigators have made no progress towards finding the killers.

Onlookers tossed flowers onto the coffin as the estimated 10,000 activists marched for nine hours past wary police who kept a low profile.

*Mr Alejandro was the soft-*spoken secretary general of Bayan, a coalition of legal left-wing opposition groups, and a former student leader.

During a mass yesterday, the Communist Party of the Philippines laid a wreath inscribed with the words "a revolutionary salute to a true patriot."

Bayan has said that the military and, indirectly, President Corazon Aquino, are responsible for his death which was similar to the killing of a leading radical trade unionist 19 months ago. A spokesman for Mrs Aquino has also denounced the killing, saying it was a travesty of law and order.

Leaders of a communist urban assassination squad has promised to avenge the Alejandro killing saying, "blood debts must be paid."

Meanwhile, a top Communist Party official walked out of a Central Philippines town where she was being held under house arrest since June and returned to the New People's Army in the hills.

In a letter to Mrs Aquino, Ms Coucha Araneta, who is a leading Communist Party member on Panay island, said that she—like Mrs Aquino—could no longer be certain she would not be killed and had returned to the hills. Mrs Aquino who met the communist leader during ceasefire talks last year, ordered Ms Araneta to be released from prison for health reasons and to be held under house arrest shortly after she was captured. The arrest had been seen as a major victory for the military.

Tibetans stage anti-China demonstration in Lhasa

BY ROBERT THOMSON IN PEKING

TIBETANS have staged a rare protest against Chinese authorities in Lhasa, a Chinese official has confirmed, and it is believed that several protesters, including monks, have been detained by police.

The protest on Sunday follows an increase in activism by Tibetan exiles in India and an address by the Dalai Lama, the exiled Tibetan spiritual leader, to the US Congress in which he condemned the Chinese Government and called for Tibetan independence.

Few details are available about the protest, which was confirmed by a government official in the Tibetan capital, though it has been reported that Bhuddist monks led a march through Lhasa that was broken up by Chinese police, who then arrested protesters. Several foreigners are believed to have also taken part.

The demonstration followed a series of executions in the region as part of a nationwide crime crackdown and coincided with the 37th anniversary of the Chinese military takeover

The Chinese Foreign Ministry released a statement on Monday condemning the US Government for allowing the Dalai Lama to deliver a speech to Congress last week about Tibet, which the ministry said "is an inalienable part of Chinese territory."

Storms kill 60 in South Africa

By Anthony Robinson in Johannesburg

DURBAN AND large areas of Natal province were declared disaster areas yesterday after five days of torrential rain which swept more than 60 people to their deaths and has wrought havoc on homes, communications and factories.

Durban itself was virtually cut off yesterday by closure of the airport and harbour and the collapse of several main road bridges into rivers swollen by heavy rain and a string of dam washaways in upstream catchment areas.

The railway linking the country's main port city with Johannesburg and the industrial hinterland was also cut by mudslides while the city and its suburbs paradoxically faced a severe water shortage after aqueducts feeding the main reservoirs were swept away by the floods.

Many homes were surrounded by swirling flood-water and factories were also *deprived of electricity* and telephone links. Several of the city's largest factories were ordered to close to preserve water.

One of the hardest hit places in Natal province was Richards Bay, which houses the country's main coal and bulk export facilities. Over 800 mm of rain fell on the town in five days, including 440 mm in a single cloud-burst on Monday. The driving rain and high winds have denuded many of the famous Natal coastal beaches of their sand.

Swaziland, the independent kingdom surrounded by South Africa and Mozambique, is to go to the polls on November 5 in general elections announced yesterday by King Mswati III. The last elections under the kingdom's unique tinkhundla system were held in 1984 and elections to the 80-member parliament were not due again until 1988. But the young English-educated king who came to the throne 18 months ago after a turbulent three-year interegnum following the death of his father King Sobhuza in 1982, told a mass meeting at the Royal Kraal that the present parliament was a "ship which needed new guidance..."

Katherine Bond in Kampala reports on a fight against embezzlement of public funds

Uganda wages war on corruption

FROM his third-floor office in central Kampala, Mr Augustine Ruzindana, Uganda's Inspector-General *of Government, wages a lonely war.* "Every day we are fighting corruption. There's plenty of it. It's rampant," he said.

Corruption has been a way of life here since the start of Uganda's eco*nomic decline under ex-President* Idi Amin in the 1970s. It embraces everything from civil servants selling off government *stationery to* the selling of police files by people inside the High Court.

The *standard argument is* that corruption is inevitable because of low wages and high inflation, estimated at 237 per cent a year in June (365 per cent in May). But the routine embezzlement of vast sums of *public money suggests that finan*cial hardship is not the only cause.

President Yoweri Museveni's *Government created the inspecto*rate – which incorporates the role of ombudsman – last year. It inves*tigates corruption, abuse of power,* neglect of duty and current allegations concerning the violation of human rights.

Last *month,* it began to query government cheques in the hope of ending "air deals," or payment for *goods and services that never fully* materialise. The government official and supplier involved then split the profit.

There are numerous examples. The judiciary has just put in 15 expensive *claims* for car hire *totalling* Ugandan shillings 3.4m ($54,000). Mr Ruzindana suspects only a 10th of the claims to be genuine.

A senior clerk in the Labour Ministry signed cheques worth over *$16,000* for his own company account. The clerk has been handed over to the police, but in such cases Kampala's law courts often *fail* to get convictions for "lack of sufficient evidence."

The High Court issued cheques worth over $28,000 to five separate organisations. "I inquired, and the *fellow responsible came here. He's* an old man, he almost had a heart attack," Mr Ruzindana said. In gen*eral, the larger the ministry's bud*get is, the larger the air deals.

The Defence Ministry has had *more cheques queried than any oth*er. It received roughly a third of Uganda's 1987–88 budget of Ugandan shillings 53.2bn. Both politically and militarily the army in Uganda holds the reins of power. Mr Ruzindana has remarked that *some officers* were *unco-operative* during investigations.

Described by his friends as "com*pletely incorruptible,"* Mr Ruzindana, 42, worked as a director of exports during ex-President Milton Obote's regime *from 1980 to 1985. In* his opinion, corruption was worse then. In the Obote period, the leadership *took part in it,* he said.

He claims that the Uganda Government would have enough money *to pay decent civil service salaries* were it not for corruption. "Part of this exercise is so that we can save *money* and generally *pay* a living wage."

The inspectorate's 40 members of staff get allowances to boost wages that are often as meaningless as $4.80 to $6.40 a month. Mr Ruzinda*na gets a ministerial level, monthly* salary of around $272 which he supplements with earnings from an in*surance brokerage business.*

Those on the receiving end of inquiries complain that delayed payments are disrupting the running of *ministries. Civil servants* think that there are already enough measures in place to prevent embezzlement, *including the recent installation of* a new Treasury computer to print figures on cheques.

They also feel they have been made scapegoats, pointing out that politicians too are not above feathering their nests. Recently, a government minister is reported to have chided the ruling National Re*sistance Council* for "ranting and raving about corrupt civil servants." He is said to have asked: "Can any *minister stand up and explain how* they get fatter every day just by sitting here?"

Mr Museveni is regarded by most Ugandans as honest. However, the anti-corruption drive will not win him *many* fans among businessmen and bureaucrats. It includes "politicising" men and wom*en from* all walks of life to become honest citizens. These cadres are then posted to ministries and key *institutions.*

Political cadres have a mixed reputation. In the Education Ministry they seem to have unearthed air deals leading to an annual loss of about two thirds of the ministry's budget. Other departments claim, however, that their cadres are a corrupting influence, something that Mr Ruzindana says is not surprising because "essentially they are incorporated into the system they find."

The solution as he sees it lies in economic recovery and what he calls institution building, or restoring the responsibility normally attached to certain jobs. "I don't believe in this moral rehabilitation once your economic and institutional sides are in place."

"Here, a minister does what should be done by a Permanent Secretary. A Permanent Secretary does what should be done by a clerk... a policeman is not an example of rectitude, he is an example of corruption. In hospitals, an underpaid doctor becomes a thief. Even a bank cashier has to be bribed to put your money on deposit."

Royal Navy begins minesweeping in Gulf

BY OUR MIDDLE EAST STAFF

THE Royal Navy yesterday began sweeping oprations well within Gulf waters off the coast of Dubai, where at least three mines were sighted earlier this week.

Three of the 615-tonne British mine-hunters despatched to the war zone last month—Bicester, Brecon and Hurworth—passed through the Strait of Hormuz during the night accompanied by the frigate Andromeda and *support vessel* Abdiel.

Brocklesby, the fourth of the mine counter-measure vessels committed by the Royal Navy, continued the search around the tanker anchorages near the coast of Fujairah.

In the heavily congested channel 20 miles from Dubai tankers avoided four areas marked by buoys where there are believed to be mines.

The danger area is in international waters, 78-108 feet deep, used by most commercial vessels going to and from the northern Gulf. Larger tankers fully loaded have no alternative route, a Kuwaiti shipping official was quoted as saying yesterday.

As the British task force started its mission, Iran threatened to avenge the capture by the US Navy of Iran Ajr as it was laying mines on the night of September 21-22.

Rear-Admiral Mohammed Hussein Malekzadegan, commander of the Iranian Navy was quoted by the official Iran news agency as saying: "Moslem combattants are ready to teach American Marines a lesson they *will never forget.*"

Shultz: persuaded.

Shamir assails Shultz trip

BY ANDREW WHITLEY IN JERUSALEM

MR YITZHAK SHAMIR, the Israeli Prime Minister, yesterday poured a heavy dose of cold water over expectations raised by the announcement that Mr George Shultz, the US Secretary of State, is to visit Israel and its Arab neighbours in the second half of October.

Touring northern Israel, the Likud leader made clear he was in no mood to change his mind over the proposed international *conference on the Middle East,* a subject the Reagan Administration has come to endorse.

"Shultz knows my position on a Middle East conference. He's not coming here to argue," said the Prime Minister.

The swiftness of the reaction from the Shamir camp to the announcement that the on-off visit was finally going ahead underscored the nervousness *within the Likud of expected* heavy pressure from the US.

Earlier this summer, Mr *Moshe Arens, a close Shamir* confidante, succeeded in persuading Mr Shultz that the time was not ripe to visit Israel, given the deep division within the coalition National Unity Government. Since then Mr Shimon Peres, the Labour leader and principal advocate *in Israel of an international* conference, has made no progress in resolving the deadlock.

Even the most optimistic of Labour officials now expect no progress until after the national *elections scheduled to be held* no later than October 1988.

Japanese industrial output falls

By Ian Rodger in Tokyo

INDUSTRIAL production in Japan fell 0.6 per cent in August from the previous month. The seasonally adjusted production index for the mining and manufacturing industries eased to 125.8 (1980=100), according to the Ministry of International Trade and Industry.

Miti said the decline did not indicate a weakening of the eco*nomic recovery. It was partly* the result of back-to-back gains in June and July, and partly because there was one more weekend in August

The ministry pointed out that the year-on-year rise in the production index in August was 5.5 per cent. It forecast that production would rise 6.3 per cent in September, compared to August, but would decline 2.7 per cent in October.

Eight Hindus shot

Suspected Sikh terrorists gunned down eight Hindus in two separate attacks in Punjab state, the United News of India reported yesterday, *AP-DJ* reports from New Delhi.

AMERICAN NEWS

Shevardnadze starts Brazil visit

BY ANN CHARTERS IN SÃO PAULO

MR EDWARD SHEVARDNADZE, *the Soviet Foreign Minister, started* his official three-day visit to Brazil promoting the benefits of nuclear disarmament which would free "millions of dollars in the world to use for development."

Mr Shevardnadze is the highest-ranking Soviet official to visit Brazil on a trip which will also take him and a senior delegation to Uruguay and Argentina.

During a meeting with President José Sarney he said that foreign debt hinders development in Latin America and that Brazil had Soviet support in its efforts to obtain a more just international economic order.

President Sarney and the Soviet leader Mr Mikhail Gorbachev are to exchange visits next year beginning with the Brazilian President's trip *after May when "the weather is* warmer," according to Brazil's Foreign Minister, Mr Roberto de Abreu Sodre. The Soviet Foreign Minister said that his country particularly welcomed Brazil's return to a seat on the UN Security Council.

Bilateral accords covering cultural, commercial, scientific industrial and technological co-operation, including perhaps joint efforts in space, are to be signed with Minister Sodre before the Soviet Foreign Minister continues on to Uruguay and Argentina.

Never particularly close, Brazil and the Soviet Union have maintained diplomatic relations since 1961 following a 14-year interrup*tion initiated in 1948 when Brazil* broke off relations after outlawing the Brazilian communist party a *year earlier*. Two Brazilian communist parties were legalised in 1985 in one of President Sarney's *first official acts*.

Great efforts during the visit centred on the economic front follow*ing up in the activities of the Soviet* ambassador to Brazil, Mr Viktor Isakov, who has been avid in prompting investment and trade. He recently extended an invitation to a leading Brazilian conglomerate to set up a factory in the USSR and has urged São Paulo businessmen to invest.

Soviet technicians are *pushing to* start purchases of Brazilian micro computers, and the first Brazilian *investment* is likely to be a joint venture Soviet apple juice factory that will also process Brazilian orange juice.

On bilateral trade the Soviets would like to see improvement in volume and a decrease in Brazil's trade surplus. Trade, kept well in Brazil's favour, has been declining according to Brazil's Foreign Ministry.

In fiscal 1986, two-way trade totalled a meagre $400m.

Brazil's imports are concentrated 77 per cent in petroleum while exports are divided between 40 per cent *semi-manufactured goods* and 34 per cent in commodities and minerals.

Cautious interest in the Soviet minister's visit could turn more enthusiastic if Brazil saw increased *trade opportunities actually materi*alise.

Reagan enters fray over Bork nomination

BY LIONEL BARBER IN WASHINGTON

PRESIDENT REAGAN is to mount a last-ditch lobbying campaign to save his Supreme Court nominee Judge Robert Bork from defeat in the forth*coming Senate confirmation* vote.

The White House has decided to send the president into the *fray* in the face of public opinion polls showing strong opposition to the nomination. With 20 Senators still undecided, the conservative judge's chances of confirmation are no better than 50-50, the White House admits.

The picture was further clouded on Monday night when the Senate majority leader — Senator Robert Byrd of West Virginia — announced that he had asked the Senate judiciary committee to send the nomination to the Senate floor without recommending how the full Senate should act.

The Bork nomination has been fought like an election race with conservative supporters and *liberal opponents* spending several million pounds on TV advertising and lobbying efforts in the Senate.

Peru's bank takeover law is passed

By Barbara Durr in Lima

PERU'S Congress yesterday approved the controversial law nationalising banks, insurance companies and finance companies.

Mr Francisco Pardo Mesones, president of the Association of Banks, warned that bankers would not leave their institutions voluntarily. He has moved a bed into the Banco Mercantil, of which he is president, and on Monday night began to sleep in his bank. "We are physically resisting any attempt to take the bank," he said.

Mr Pardo *implied that* there could be an effort by the Government to throw him and others out of their banks by force. But he said that he believed that President Alan Garcia would respect the court orders that prohibit takeovers of the banks and companies until the judicial *branch decides* on the constitutionality of the law.

Bankers say the law is *unconstitutional* and plan to fight it in national and, if necessary, international courts.

US budget deficit package lets everybody off the hook

The White House and Congress remain at odds over *taxation* and spending, Lionel Barber reports from Washington

PRESIDENT REAGAN'S decision to sign a revised budget deficit reduction package removes the *threat* of a financial crisis, but leaves unresolved his battle with the US Congress over fiscal and spending priorities.

After months of wrangling between Democrats and Republicans in Congress, a compromise package emerged which allows all sides—includ*ing a recalcitrant President* Reagan—to avoid taking the blame for the result: a mildly painful choice between tax increases, defence cuts or across-the-board spending cuts. It has a familiar sound.

This is the New Model Gramm-Rudman, a watered down version of the 1985 budget-balancing *law*. The question is, how far does it mark genuine progress on cutting the record Federal budget deficit, which is widely blamed for helping sustain other global economic imbalances?

Mr Reagan made clear at the weekend that he only signed the measure because it was *tacked* on to a *bill* needed to raise the Federal debt limit to $2,800bn. Failure to have done so would have led to the Government defaulting on its obligations and a financial *crisis*.

The corralled President agreed to sign on the dotted line, but he is still bucking at the implications of this stretched-out version of Gramm-Rudman which now envisages a balanced budget by 1993, two years later than the original legislation.

Mr Reagan says he will veto a tax increase and any effort to cut his defence budget. But he has been saying that for months. "It all comes down to what you call a tax increase," said one Congressman, who pre*dicted a messy compromise* based on increased user fees (such as auctioning fees for bands on the Federal Communi*cations* Commission's radio spectrum) asset sales and other "revenue raising" devices.

Mr Rick Brandon, staff director to Senator Lawton Chiles of Florida, chairman of the Senate Budget Committee, reckons that Congress and the Administration remain some $14bn to $15bn apart on new *revenues*. Rep William Gray puts the figure between $4bn and $6bn, but as Mr Brandon points out, this almost certainly includes a lower defence outlay.

At present there are two alternatives on defence spending for the fiscal 1988 budget which begins on October 1. The higher figure is $296bn, the lower option is $289bn. Congress has yet to pass a defence spending bill, so the final outcome is unclear.

Most Democrats accept that further cuts in the military budget would be *politically* damaging with election year coming up. So the scramble is on for *smal savings here* and there in entitlements and what Mr Brandon calls "cats and dogs" — one-off savings through increased user fees, which are indirect taxes by any other name.

IMF AND WORLD BANK MEETINGS

Reagan urges action by Japan and W Germany

BY PHILIP STEPHENS

PRESIDENT REAGAN *yesterday* called on Japan and West Germany to match cuts in the US Budget deficit with action to stimulate their economies.

Speaking at the formal opening of the annual meeting of the International Monetary Fund and the World Bank, Mr Reagan also pledged to veto any pro*tectionist legislation passed* by the Congress.

The President said that he had reluctantly agreed to sign a bill which the Administration believes will lead to a further substantial cut in the Budget deficit next year.

However, he said, it had been a "tough decision" and it *should be seen by the rest of* the world as "a signal that America is not backing down *from its responsibilities.*"

Having made the decision, he added, "I call on the surplus countries to do the same—to find the political gumption to stimulate their economies with*out reigniting the fires of infla*tion."

Mr Reagan's phrasing, which appeared stronger than recent language used by Mr James *Baker*, the US Treasury Secretary, underlined what officials called US determination to maintain pressure on Tokyo and Bonn.

Last weekend, the US, with other major industrial countries, reaffirmed its commitment to a stable dollar, but made it clear that a sustained reduction in the massive US trade deficit would require faster growth outside the US.

In yesterday's speech there was no direct reference to the *dollar but Mr Reagan said*: "It must be recognised that the health of the world economy does not hinge solely on US budget policy.

"As US budget and trade deficits decline, other countries must pick up the slack, particularly on imports from developing countries."

In what was seen as a reference to the trade bill now under discussion in Congressional Committee, Mr Reagan said that "self-destructive protectionism" was not the answer to the US deficit and the parallel surpluses in Japan and West Germany.

"I pledge to you that any protectionist legislation reaching my desk is going to be *returned to Congress* with a veto on its cover," he said.

The President also under*lined the importance to the US* of progress in the current Uruguay round of trade talks under the auspices of the General Agreement on Tariffs and Trade.

A key priority would be the dismantling of the $100bn in subsidies paid to Western farmers. The US wanted "revolutionary change in the production of food and fibre."

Brazil's creditors consider interim plan

BY ALEXANDER NICOLL

SOME of Brazil's leading credi*tor banks are considering* putting an interim debt proposal to the country as resistance to the proposal it made last week on new loans deepens.

An interim plan would be de*signed to continue negotiations* between the two sides while rejecting Brazil's proposal. Brazil would resume interest payments but would not yet address the arrears built up since it suspended interest payments in February.

Banks, meanwhile, would agree to keep in place short-*term trade* credit and *interbank* lines which recently have been eroding despite Brazil's efforts *to keep them frozen*.

The concept of a temporary solution, however, is by no means unanimously accepted within the 14-bank advisory committee which will meet Brazilian officials in New York on Friday. Nor has it appeared to find much support in Brazil.

Many bankers object violently *to Brazil's request for $10.4bn* in new loans without linkage to economic policies or other loans, a zero spread over money market rates, and other undefined debt conversion mechanisms.

Mr Bill Butcher, chairman of Chase Manhattan Bank, said: "I find that the proposal put *to us does not provide the basis* for negotiations." Since suspending payments, he said, Brazil has made a series of approaches to creditors which he termed "not serious." He demanded credible plans from Brazil on both the economy and its external finances.

Brazil, he said, was able to meet *its obligations* because it had the "best economy of any of the Latin countries." Other bankers, though agreeing with this assessment, are frightened that too negative a reaction could prevent any talks from continuing, thus prolonging the impasse.

Conable reaffirms strategy

By Alexander Nicoll

MR BARBER CONABLE, president of the World Bank, yesterday called for greater co-ordinated efforts to restore the strongest developing country debtors to the world's credit markets in five to seven years.

In a speech to the opening session of the International Monetary Fund and World Bank annual meetings, Mr Conable affirmed the Bank's commitment to reinforcing existing strategies for handling the debt crisis in large middle - income countries.

"For such countries—Brazil, Argentina, Mexico and Venezuela, for instance—the right approach remains one of strong adjustment programmes together with imaginative packages based on new borrowing from both private and public sources, as well as on other types of financing."

Mr Conable's remarks, and those of Mr Michel Camdessus, the IMF managing director, underlined an *entrenchment of official* reaction against a perception that the debt strategy is steadily weakening.

On the Bank's own role, Mr Conable reiterated that it would expand its lending but added: "We will not assume the debts of others." This was taken as a message that the Bank remains opposed to schemes under which it would act as a guarantor for securi*ties or other types of private* lending.

Mr Conable acknowledged that more careful and innovative treatment might be needed for less resilient middle income debtors which could take longer to return to the lending markets.

Barbara Durr looks at the background to informal talks in Washington

Peru senses shift on debt

TOP PERUVIAN officials will quietly try out their latest debt proposals this week in Wash*ington at the annual meeting* of the World Bank and the International Monetary Fund. Conversations, mostly about payment in kind, are to be informal and Peru will not abandon President Alan Garcia's 10 per cent of exports-limit on debt payments nor his rejection of IMF accords.

But two factors underlie the new effort by Latin America's most recalcitrant debtor: a belief that international creditors have become more flexible as they have fathomed debtors' difficulties in general and Peru's increasing economic troubes, particularly its urgent need to expand its trade credit lines.

Peru's heterodox economic programme, limiting foreign debt payments and pumping up consumer spending at home, brought it robust 8.5 per cent growth last year and the *economy is predicted to expand* this year by 6.6 per cent.

But the country faces an alarming decline in foreign reserves, annualised inflation of about 100 per cent, a commercial deficit of $156m, a budget deficit of 6.7 per cent *of GDP* and a rapid fall-off in trade credti lines and investment, *according to* the National Planning Institute.

Peruvian officials are consequently expected to begin to implement a debt negotiating strategy laid out in July in an internal document by he Naioal Council on the Foreign Debt. According to the council, Peru's first priority is *negotiations* with creditor governments which hold 44 per cent of its $14.3bn debt. Total arrears are now over $5bn.

Negotiations with governments are considered critical because of their implication for bilateral foreign relations, the flow of concessional credits and co-operation programmes. Latin American governments hold $380m worth of Peruvian debt, Socialist governments $805m and OECD countries $3.9bn.

Gustavo Saberbein: "cordial" talks with World Bank

The council believes that agreement should be reached with Latin American and Socialist governments first given that they do not demand any accord with the IMF. Such agreement would create "a propitious climate" for initiating talks with the Paris Club. However, Peru will not accede to the usual demand of *the Paris Club, to go to the IMF*, the council said.

Peru, which recently signed *payment-in-kind deals with two* commercial banks for the first time, will seek to repay governments in products and services with a minimum of payments in hard cash. It is also studying the possibility of certain types of debt equity swaps.

Officials have already begun what the council considered the next most urgent step—re-establishing relations with the World Bank. The bank cut off disbursements to Peru last April after the country's refusal to continue payments of its $782m debt. Peruvian officials said their move was because the flow of disbursements in proportion to payments had become negative.

Conversations between the Bank and Peruvian envoys during the last month were characterised by Gustavo Saberbein, Minister *of* Economy and Finance, as "cordial." Although no payment was made, the talks succeeded in staving off Peru's expulsion from the bank. Peruvian officials are preparing a roster of projects, reformulating old ones, and they will seek to reprogramme existing debt. A partial payment is also expected.

World Bank officials have said repeatedly, however, that Peru must pay completely its arrears of more than $100m before credit lines can be renewed or fresh ones opened. The bank does not want to create a precedent for rescheduling its payments.

Paying the full arrears remains the stumbling block. Such a large payment may be politically difficult for the Garcia Government given that its left-wing opposition is adamantly against ties with the World Bank.

Payments have outpaced disbursements from the *Inter-*American Development Bank this year as well, but Peru continues *to pay the IADB, in part* because its projects had been considered more in line with Government priorities than those of the World Bank. But, according to the Council document, Peru intends to begin conversations with the IADB to reformulate existing projects and reprogramme payments on its $864m debt to the bank.

WORLD BANK
WASHINGTON 1987

No formal discussions are envisaged with the IMF, where Peru has been ineligible since August 1986, though the *Government is willing to talk* informally about its $710m debt to the fund.

Commercial banks, which hold $3.1bn of Peru's debt, are last on the country's priority list because they are not making new loans. However, Peruvian officials hope that their recent payment-in-kind accord with Midland Bank and First Inter-State Bank of California may open the way for more *deals* with *commercial* bank creditors.

Overall, the Peruvian strategy is to weaken the unity of the steering committee where syndicated loans are handled by reaching agreements with individual banks and to avoid the demand that an IMF agreement be reached before negotiations can start.

Peru's main proposal will be for payment in products and services. It is also working on legislation for creating free trade zones, where debt paper could be exchanged for investment.

In spite of the country's limited capacity to provide *enough goods* and services to satisfy all interested creditors, suppliers will also be offered payment in kind. Textron, the US aeronautics manufacturer, is expected to finalise a deal soon for part payment in manufactured silver products for its $33m sale of helicopters in 1983.

Handling the heat in the kitchen

When Jeoff Samson moved in from electronics to Hotpoint's washing and other machines, he found his niche-and the business doubled its sales. He tells Robert Heller how Hotpoint soared.

Jeoff Samson, Managing Director of Hotpoint Limited. Photography by Terry O'Neill.

FEW large British consumer durable businesses have scored substantial successes in the Eighties.

In domestic appliances, 'few' is an exaggeration. In an industry decimated by imports and failures, Hotpoint was one of the large survivors. At £115 million of 1982 sales and £8.5 million of pre-tax profit, it was hardly a jewel in GEC's crown. Four years on, though, sales have more than doubled and profits trebled – and that is a growth rate outstanding within both GEC and the economy at large.

The hot seat at Hotpoint has been occupied since April 1983 by Jeoff Samson, in several ways the odd man out among GEC top managers – rare in his broad experience as managing director in other big companies (Negretti and Zambra, Plessey, STC); in his early years in a family firm: in his current total dependence on consumer marketing for his GEC sales. In the appliance industry Samson is also a rarity, coming late to the consumer game from a high-technology background in process control, instrumentation, electronics and telecommunications.

But both the high-tech and the family fruit canning business ("a blooding in a thoroughly competitive industry") have come in more than handy; "I've found my niche, frankly," says Samson.

The niche had been well-lined by his predecessor, the late Chaim Schreiber, especially in one vital respect: Schreiber, a self-made millionaire whose kitchen and bedroom furniture business joined up with Hotpoint, installed the basic concept that "to be successful you have to have dealers who want to support you as much as the customer."

Samson has built on this foundation, nurturing relationships with both the big chains, like Currys, and the independents.

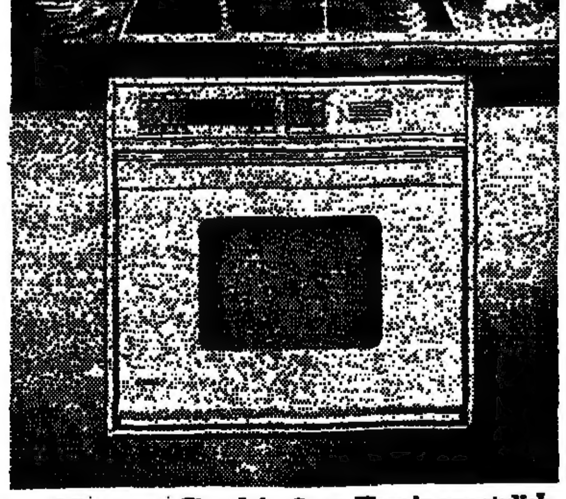
SAMSON supports the display of a representative range of his major appliances by independent retailers, through providing a lavish array of point-of-sale and other merchandising aids.

The combined operation has been startlingly successful in terms of market share; Hotpoint now has around a third of all U.K. washing machine sales, an increase from only 19% when Samson took over.

"A blooding in a thoroughly competitive industry."

That rewarding rise has occurred despite (perhaps because of) a policy of "never being afraid to be price leader."

Instead, Hotpoint trusts to in-built marketing benefits to justify the price; no delivery charge, a free service call if it isn't made within 48 hours of the request, a five-year parts guarantee and so on. By these techniques, backed up by modern, efficient factories and designs, Hotpoint has proved that GEC can be successful in the consumer electrical goods where, by and large, British industry has suffered unmitigated disasters.



The Microwave Circulaire Oven. Here in one stylish, space-saving, built-in unit are five individual cooking methods giving the best of all worlds.

It's also a big business by any standards – especially after the £126 million purchase of Creda. Samson had been "stalking Creda for three years," the attraction being that, out of its £145 million turnover, £110 million was "new business" in products that Hotpoint didn't sell.

"Every month we live for the budget."

THE Creda "name is going to stay" says Samson firmly: "the sum of the two market shares mustn't be less in total." A few weeks after the purchase, he was confident that "we can make a lot more money out of Creda."

That would follow the pattern set at Hotpoint, where Samson did "three fundamental things" on taking charge. "The first was improving quality: it was all right, but it has to be first and foremost."

The second was that Samson "forced sales and marketing people to forecast," which means that now "every month we live for the budget." Third came a challenge to the design team, to speed up product development, to provide "a common identity of styling," to reduce costs.

"We're in a race with Japan in terms of designing products" says Samson.

One key has been to "use the microprocessor for itself, not as a substitute for electro-mechanical controls."

The most striking result is the Micro Profile 9560/1, whose control panel, to its proud parent, "looks like a VCR"; it automatically profiles the spin and the wash to get the best performance from the machine and the washing powder.

GEC makes all its own home laundry and refrigeration machines, right down to the compressors and motors, and Samson is looking forward to bringing more of the Hotpoint range into U.K. production: one of Creda's appeals, for example, was that "we could produce our own cookers."

The electric cooker is typical of Hotpoint's fact of life: "we live in product ranges that are saturated." The only exception is dishwashers, where Hotpoint took over British brand leadership in 1985 with imported machines that are now to be made here under licence and in large numbers: "a thousand a week coming up, and double within the next six months."

The effect of market saturation is intensified by the long life of so-called "white goods" – seventeen or eighteen years for a cooker, for example, and nine for a washing machine. But Samson believes that the pattern can be changed, with the co-operation of the High Street dealer.

"We don't manufacture if we can't sell at the right price."

To achieve that, Hotpoint "had to become consumer-orientated and operations-orientated" – and Samson claims that "I was a consumerist instinctively. I fell on my feet."

PART of the consumerist philosophy is that "the factory is solely subservient to marketing." The economic trick is always to keep demand slightly ahead of capacity, though the latter is impressive enough.

Hotpoint turns out 1.2 million machines a year via the plant in Peterborough (once an AEI factory) and the two in North Wales; the Kinmel Park plant at Bodelwyddan is purpose-built for home laundry machines – and very new, completed in 1982.

In the short time since then, factory automation has advanced rapidly, and facilities are being enhanced continually. Samson is a strong believer in making his own, all the way from parts to appliances: the economics hold the latter key – "we don't manufacture if we can't sell at the right price."

But vertical integration is not followed slavishly – "there is no point in vertical integration if the associated technology is evolving rapidly and competitively."

"The factory is solely subservient to marketing."

Refrigerators are also made in-house at Peterborough; currently dishwashers, built-in cookers and hobs and vacuum cleaners are factored, although the former will soon be British made.

All GEC home laundry and refrigeration machines are manufactured entirely in Britain.

Samson is fully aware that product innovation – as with the first U.K. designed and built all-in-one washer-dryer, a big current hit – holds the key to sustaining Hotpoint's rise. He knows that his own electronic expertise has a big part to play: "I've brought to the business a technical excitement about the future." That future could well include appliances fitted with a central processing unit that contains a modem unit: if a fault starts to develop, it will ring the service office, and "we'll arrive before it goes wrong."

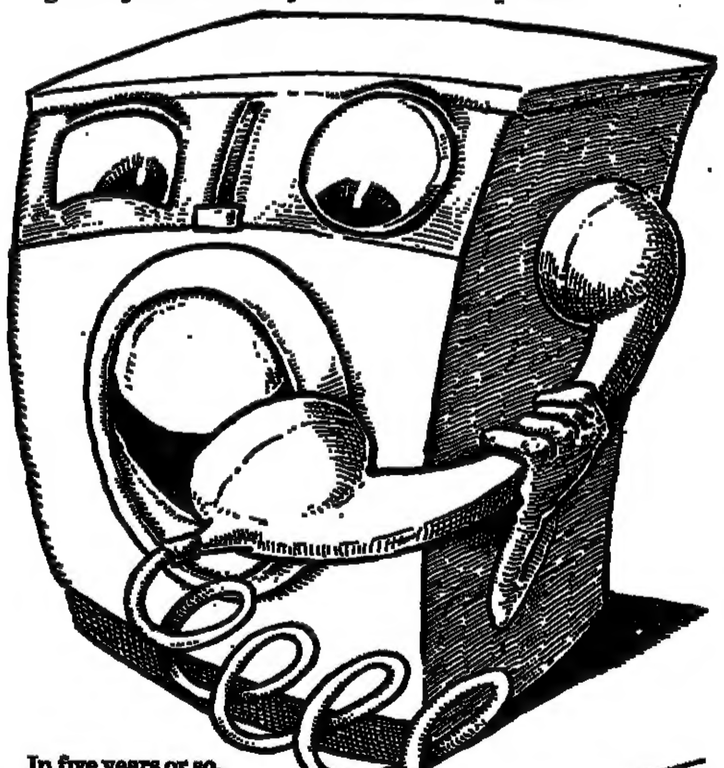
SERVICE is a most material part of Samson's life.

The business makes 1.6 million calls a year to people's homes, and the more machines it sells, the greater the commitment of resources to service becomes.

That rising commitment is true of the whole of Hotpoint which today bulges somewhat at the seams as a quart of production is managed out of a relative pint pot.

The 5,800 employees are overwhelmingly in distribution, manufacturing and service engineering: a mere 350 cover all other functions, including sales and marketing. "It's a very tightly run company," says Samson.

Major decisions on capital investment are pending for a growth business which, like Samson himself, doesn't fit the typical GEC pattern – for instance, its average order book is only two weeks long, against years for many other GEC companies.



In five years or so, self-diagnostic machines will be able to alert a service centre automatically of any impending fault.

Its remarkable surge must slow down in one sense – "you can't go on doubling in sales every four years! But you can consolidate and get more profit."

Taking in the Creda buy and GEC's other consumer businesses, from Redring showers to Cannon gas cookers (which all come under Samson's wing), turnover in consumer products is now nearing £600 million, making GEC Britain's largest consumer durables manufacturer and equalling some of the group's biggest industrial divisions.

Like them, Hotpoint has been spurred and left to create its own success, and Samson relishes the challenge.

"Delegation," he says, "is absolute. The degree of autonomy is extreme."

Robert Heller is Editor-in-Chief of Finance Magazine.

WORLD TRADE NEWS

Austrians in metal joint ventures

BY JUDY DEMPSEY IN VIENNA

TWO JOINT ventures, one in Venezuela and the other in Australia, will be set up by the Austrian state-owned metal company, Austria Metallwerke (Amag) as part of a long-term plan to phase out the company's smelters which specialise in the production of aluminium.

"The joint venture arrangements come at an imporant time for us," Dr Franz Hartlieb, general secretary of Amag, said yesterday. "We have been looking for new sources to supply us with metal. For environmental reasons we are trying to phase out our old smelters." The Austrian smelters were built in the 1940s and are situated close to the Austro-German border.

Under the terms of the letter of intent, Amag, along with the Bulgarians, will hold a 40 per cent share in Alcaza, the state-owned aluminium company based in Venezuela. Alcaza will also hold a 40 per cent share. At the moment, Amag is seeking an experienced aluminium company for the remaining 20 per cent.

Once the smelters have been built, Amag will receive between 30,000 and 40,000 tons of metal a year from Alcaza. Amag's own smelters annually produce over 80,000 tons. Dr Hartlieb expects no shortfall under the terms of the new joint venture.

The company has also signed a letter of intent with Portland Smelter, an Australian company based in Victoria. Again, Amag will hold a 40 per cent share and will receive up to 40,000 tons of aluminium a year under the terms of the joint venture.

The precise financing terms have yet to be finalised but Amag said the group would be financing each of the joint ventures to the tune of around Sch 1bn (£50m). Amag is one of the few successful Austrian state-run industries. The group recorded a turnover of nearly Sch 7bn for 1986.

McEnroe of the international negotiating circuit

Canada's veteran troubleshooter

BY DAVID OWEN IN TORONTO

VETERAN Canadian negotiator Mr Simon Reisman's post-prandial decision last week to suspend the 16-month-old free trade talks with the US might have been unexpected. But it was certainly not out of character.

In 40 years as one of Ottawa's foremost trade troubleshooters, the 68-year-old son of poor Jewish immigrants to Montreal has acquired a formidable reputation as the John McEnroe of the international negotiating circuit.

While he is the proud possessor of a truly impressive track record and was once dubbed a "20-minute hard-boiled egg" for his powers of clinical calculation, Mr Reisman's most distinctive negotiating hallmark is said to be a predilection for colourful rhetoric and emotional theatrics.

Mr Phil Trezise, with whom he hammered out the 1945 Auto Pact which still governs the car trade between the US and Canada, described him as "very frank, very blunt, very outspoken and sometimes profane".

Illustrations of this no-holds-barred approach are legion.

According to one much-quoted (though Mr Reisman insists apocryphal) anecdote, he once dropped cigar ash onto the desk of Mr John Connally, the US Treasury Secretary - an antique whose previous owners included Mr Alexander Hamilton, the first US Treasurer.

More recently, when criticised by Liberal leader Mr John Turner and others about his C$1,000-a-day salary for the duration of the trade talks, he retorted by asserting that this represented a C$250-300,000 annual pay cut from his typical earnings as a private consultant.

In similar vein, when Mr Peter Murphy, his youthful US counterpart in the latest talks, raised questions about US-Canada car trade, Mr Reisman displayed no qualms about publicly upbraiding him, branding his opposite number "either foolish or a knave".

It was as a 28-year-old delegation secretary to the 1947 global trade talks in Havana that Mr Reisman got his first real taste of international trade diplomacy.

Coincidentally, while he was monitoring the discussions which eventually produced the prototype GATT agreement, his immediate boss, Mr John Deutsch, was in Washington with Canadian Tariff Board chairman Mr Hector McKinnon, negotiating incognito for a bilateral trade pact with Canada's increasingly powerful southern neighbour.

> Simon Reisman, the man who suspended Canada's trade talks with the US, is "very frank, very blunt, very outspoken and sometimes profane". Reisman displays no qualms about publicity, upbraiding his opposite number in the US as either "foolish or a knave." But as a negotiator he is also known for his powers of clinical calculation.

The Prime Minister of the day, Mr William Mackenzie King, finally backed away from a deal because of political pressure and for fear of destroying the unity of the Commonwealth.

In that sense, Mr Reisman's career has come full circle. In the interim, he has chalked up a long list of successes, ranging from the Auto Pact to the 1985 settlement of a ticklish aboriginal land claims case with the capital Inuit of the western Arctic. He also, in 1971, contrived to get Canada exempted from the Nixon Administration's imposition of an across-the-board 10 per cent import surcharge.

During his 30 years as a civil servant, a stint which began when he joined the Ministry of Labour for a "holiday job" while waiting to go up to Harvard Business School and ended with his resignation as Deputy Finance Minister in December, 1974, he helped draft no fewer than 25 budgets and frequently overshadowed the ministers he worked for.

Since leaving the civil service, he has carved out a successful consultancy business with Mr Jim Grandy, former Deputy Industry Minister. At one time or another, clients have included Mr George Weston, the C$9bn food processing and distribution firm, Power Corporation, the Montreal financial services conglomerate, and the Lockheed Aircraft Corporation of Canada.

An unhurried and discursive conversationalist, Mr Reisman has long been a valued member of Ottawa's cocktail circuit. Trim and energetic still, his other private interests include salmon fishing in remote areas of Labrador and Cape Breton and skiing.

Statoil to expand polypropylene output

BY KAREN FOSSLI IN OSLO

STATOIL, the Norwegian state oil company, is to expand its polypropylene production in two separate projects. Statoil said that the polypropylene expansion will significantly strengthen the company's position in the Scandinavian market and will place the company among Europe's 10 largest polypropylene producers.

Himont, the US-based world leader in petrochemical production, and Statoil have entered a joint agreement to construct a new polypropylene facility in Antwerp, Belgium. The first phase of the project will see the construction of a polypropylene facility with a capacity of 150,000 tonnes. Statoil is to invest about NKr 600m-650m(£55m-£60m)in the new facility.

There are also tentative plans to increase capacity in the new Antwerp facility to 300,000 tonnes in two additional project phases. Himont has captured the West European polypropylene market with a production capacity of 540,000 tonnes followed by Hoechst of West Germany which has a production capacity of 400,000 tonnes.

The Antwerp facility will be 50 per cent joint-owned by Statoil and Himont. It is scheduled to come into production in 1989. Each company will separately market their shares of production from the facility.

In a separate project, Statoil is to spend NKr 100m-150m to expand polypropylene production capacity at its Bamble facility south of Oslo. Production capacity will be increased from 70,000 tonnes to 90,000 tonnes. It is scheduled to be completed in 1988 and will increase profitability at Bamble, Statoil says.

Statoil has been aiming to expand Bamble since 1985 but was hitherto blocked by Norsk Hydro, the semi-private Norwegian industrial group, partial owner of the facility. The expansion will incorporate the use of Himont technology to enable a simpler, more efficient polypropylene process.

Statoil's Bamble facility includes I/S Noretyl, which is operated by Norsk Hydro. Statoil has a 49 per cent stake in the ethylene and polypropylene facility. In 1986 383,000 tonnes of ethylene and polypropylene was produced.

I/S Norpolefin, the plastics facility at Bamble, is operated by Statoil with a 66 per cent stake. In 1986 plastics production amounted to 263,000 tonnes. The facility receives its ethylene supply from I/S Noretyl.

Statoil could be hard-pressed to gain the necessary approval from Norwegian authorities for its polypropylene expansion strategy. Plans will be presented to the Storting (Norwegian Parliament) in November at the same time as details of a budget overshoot by NKr 3.8 bn for its Mongstad refinery and loading terminal will be revealed.

Statoil says that financial results in Bamble in 1986 were "not very satisfactory" due to higher costs of feedstocks which did not recover from lower crude prices experienced that year. Profitability was also affected by the annual maintenance shutdown of the facility which was closed during autumn 1986.

Tony Walker reports on Iraq's extensive pipeline developments

Baghdad restores the oil flow

"WHEN THE safety of your country is at stake, you will do anything to augment its revenues." That statement, by a senior official in Iraq's state-owned oil sector, neatly sums up Iraqi attitudes towards exploiting and marketing oil, which accounts for 95 per cent of export earnings.

Mr Sabri Abdullah Razak Khadim, head of research at the state oil marketing organisation (Somo), which has recently had its functions broadened and strengthened, signalled in an interview a more aggressive Iraqi strategy towards selling its oil.

"We're trying to address our markets, taking into account the demand pattern," Mr Khadim said. He described Turkey, Spain, Italy and the UK as Iraq's "optimum markets" for medium to heavy crude and middle distillates, which make up the bulk of output.

Other important markets were those of Japan, South Korea and Singapore. Iraq was also seeking to build on its markets in Latin America.

At the same time, Mr Khadim said there was a "large potential absorptive" market in Iraq itself. He indicated that where possible Iraq would seek to expand its refining capacity, which now exceeds demand by about 30 per cent.

Iraq, he said, had no intention of following Kuwait's lead in buying into refining and distribution operations in Europe or elsewhere. "We consider development outside is not a real development," he said. "We would rather have a project inside Iraq than outside."

The Iraqi official made it clear that his country would strenuously resist pressure from the Organisation of Petroleum Exporting Countries to cut production, which is running at about 2.6m to 2.7m barrels a day. Iraq's Opec quota for the second half of this year is 1.54m b/d.

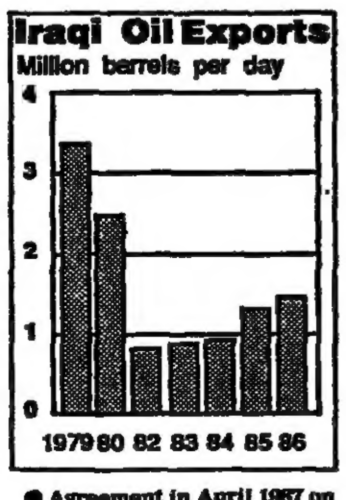
Iraq's more assertive approach to oil production and marketing coincides with the completion in mid-year of a second pipeline through Turkey and the award in September of a contract for the construction of a pipeline through Saudi Arabia.

When completed the Saudi pipeline will give Iraq the ability to export about 3m b/d overland through Saudi Arabia and Turkey. This is more or less equivalent to its capacity from offshore oil loading facilities in the northern Gulf, put out of action early in the war.

In 1980, just before the outbreak of the war, Iraq's oil production had reached 3.5m b/d. Less than two years later output had slumped to about 1m b/d following Syria's decision in April 1982 to close a 1.2m b/d Iraqi pipeline through its territory.

The pipeline closure further undermined Iraq's ability to finance the war effort. Since then the Iraqis have embarked on an ambitious pipeline construction and extension programme that has achieved some spectacular results. Main developments include:

- Expansion from original capacity of 650,000 b/d to 1m b/d of an existing 980km pipeline from Kirkuk in northern Iraq through Turkey to Ceyhan on the Mediterranean.
- Completion this year of a second pipeline through Turkey with a capacity of 500,000 b/d.
- Construction in record time in 1984-85 of a spur line connecting Iraq's southern oilfields with the Saudi east-west petroline with a capacity of 500,000 b/d.
- The award in September 1987 of a contract for the construction of a 1,000km pipeline to run parallel with the Saudi Petroline with a capacity of 1.65m b/d. Completion is expected by the second half of 1989.



- Agreement in April 1987 on a third Turkish pipeline with a 70,000 b/d capacity to run from Ain Zalah near Mosul in northern Iraq to the Batman oil poducing and refining centre in eastern Turkey.

Mr Khadim indicated that a $1bn project to build a pipeline to the Jordanian port of Aqaba on the Red Sea, which was shelved in 1985, could be revived.

A sticking point has been Iraq's insistence that it would stop paying if the pipeline came under attack from a "third party," namely Israel. The Aqaba pipeline would run close to the Israeli border.

Mr Khadim said that Iraq was also pressing ahead with improvements to its internal pipeline grid. Among plans was an extension to the strategic pipeline connecting the southern and northern oilfields. The aim of this would be to improve Iraq's capacity to move various grades of oil through its Red Sea and Mediterranean outlets to strengthen its marketing effort.

The Iraqi official said that Iraq's proven reserves now stood at 100bn barrels, about half medium crude. He estimated that semi-proven reserves could total the same amount again, which would put Iraq in the same league as Saudi Arabia as a repository of oil wealth.

Mr Khadim said that in spite of the war, exploration was continuing, although it had been curtailed in some areas near the battlefront. He noted that until the late 1960s, Iraq was the most "under-explored" country in the world. About 80 per cent of Iraq, he said, had now?? been surveyed for possible oil deposits.

The Iraqi official vehemently rejected criticism that Iraq's current exports of about 2.3m b/d meant it was undermining Opec's attempts to stabilise the market. He argued that Iraq was merely making up ground lost when its ability to export oil was squeezed in the early to mid-1980s because of pipeline closures and the destruction of its oil loading terminals in the Gulf.

Iraq was demanding a similar quota to that of Iran of about 2.3m b/d. "We're not so stupid to destroy the market by utilising everything," Mr Khadim said. "The oil policy of Iraq is always logical. We are a country with large reserves and large capacity. We don't want low prices nor do we seek very high prices."

UK NEWS

ANDREW TAYLOR REPORTS ON THE GOVERNMENT'S PLANS FOR HOUSING

Call to ease curbs on private rents

GOVERNMENT plans to revitalise the housing market by easing restrictions on private renting, giving council tenants rights to choose a new landlord and by reducing the role of local authorities as major providers of rented housing were published in a White Paper (policy document) yesterday.

Housing associations will be expected to play a significant part in providing rented housing, according to the government proposals.

Under the new rules housing associations would be required to pitch rents at levels which would encourage greater private-sector investment in the association schemes. Grants would be available to bridge the remaining cost.

Mr Nicholas Ridley, Environment Secretary, said the proposals could lead to an increase in housing benefit provisions in some areas. This would be compensated for by increased revenue from sales of properties to the private sector and also by a reduction in the amount of repair and maintenance local authorities would have to finance.

The immediate effect of the proposals would be broadly neutral in terms of public expenditure. Over 10 years they would be likely to reduce expenditure, said Mr Ridley.

Shelter, the organisation for the homeless, claimed the proposals would cause rents to rocket, make tenants more vulnerable to harassment by landlords and make it even more difficult for low-income families to find "a decent affordable place to live."

The White Paper calls for the establishment of new-style Housing Action Trusts (HATs) which would take over responsibility for council housing in areas of serious urban decline.

HATs, which would have powers similar to urban development corporations, would renovate properties before handing them over to new landlords which could be housing associations, private landlords or co-operatives formed by local residents.

The paper proposes that all new lettings negotiated by private landlords and housing associations should be either assured tenancies or shorthold agreements.

These would permit landlords to negotiate market rents or rents which take "account of the limited degree of contractual security" provided by new shorthold arrangements.

The changes would not affect the rights of tenants covered by existing contracts covered by Rent Acts.

The Government plans to toughen legislation making it an offence for landlords to harass tenants. Mr Ridley said this would dissuade landlords from trying to force tenants out of their properties.

New safeguards will have to be introduced once rents are deregulated, says the Government, to ensure that landlords do not try to take advantage of taxpayers by trying to push up rents of benefit recipients to unreasonable levels.

A household resources test is also proposed to ensure that home improvement grants go to the most needy and that those who can afford meet part of the cost of improvements do so out of income and savings.

Systems for allocating home improvement and home insulation grants are to be simplified.

A consultation paper is to issued shortly setting out a new financial regime for local authority housing operations. They will be expected to adopt a more strategic role, identifying housing needs and encouraging new methods of housing provision by making best use of private sector finance.

Market in homes, Page 28

Higher rent levels likely

THE GOVERNMENT accepts that its proposals would lead to higher rents for some people.

The policy paper says that in the unsubsidised private sector "rents for new lettings will have to be at the market level, giving landlords a proper return on their investment, if new provision is to be stimulated."

It says the housing stock will not be properly maintained if rent levels fall to cover costs of day-to-day management and maintenance and a reasonable charge for depreciation.

"In all sectors rents should cover at least these basic costs," says the policy paper. It adds that it may be appropriate to charge less than market rents in those sectors specifically providing for people on lower incomes.

"In principle, public-sector landlords could in addition seek an adequate return on capital before embarking on new investment. But this could mean setting rents at full economic levels which, in some areas, would be beyond the means of many tenants.

"It is inevitable in these circumstances that there must be some degree of subsidy to the providers of public-sector rented housing."

Pivotal role in market seen for associations

HOUSING associations, as well as the private rented sector, have a key role to play in revitalising the housing market, according to the White Paper.

They had over the past 30 years played an increasingly important role in providing rented accommodation and now provided 0.5m dwellings, which is about 3 per cent of the total stock but about 25 per cent of the independent rented sector.

It was important to build on that success. Associations therefore should be given the opportunity to maximise the use of private funds to improve their effectiveness.

At present they were heavily dependent on the Exchequer for financial support.

That was because the 'fair rents' determined by the rent officer were only sufficient to cover a small part of the costs of new developments or refurbishments.

Typically the Exchequer has had to pay for 80 to 90 per cent of the cost of schemes through housing association grant.

More recently the Housing Corporation and some individual housing associations had been developing alternative financial possibilities with the encouragement of the Government.

The Government now proposes that all new lettings of housing associations should be on an assured-tenancy basis or on a shorthold basis in the same way as the private rented sector.

The freedom and flexibility to set rents should enable associations to meet the requirements of private-sector finance instead of relying on funding from public sources.

Housing association grant would continue to be needed to meet part of the cost of new developments and refurbishments.

The object would be to finance an increasing part of the programme on an index-linked or low-start basis, with a large share of schemes funded by private finance.

For projects funded in that way, appropriate levels of grant would be fixed for different parts of the country so that associations would be able to set rents on new developments at levels within the reach of the tenants for whom they traditionally provide housing.

The housing benefit system would continue to be available although the associations would be subject to the same procedures for controlling subsidy and benefit as in the private rented sector.

Boost for private-sector rents

RENT CONTROLS and other statutory restrictions have prevented private landlords from playing a much greater role in providing satisfactory rented housing for those who need it, the white paper says.

It says the first essential step to encourage investment in the private sector would be to allow private landlords to charge rents on new lettings at a level giving them a reasonable return. It proposes laws to cover all new private-sector lettings. It would allow private landlords to choose to let either on:

- An assured tenancy basis with rents freely negotiated between landlord and tenant but with security of tenure protected.
- A shorthold basis with no security beyond the tenancy period but with the right for either party to seek registration of an appropriate rent.

The Government does not propose to make any substantial changes in the regime for existing lettings subject to the Rent Acts.

Assured tenancies were introduced in the 1980 Housing Act. It allowed substantially renovated dwellings to be let by approved landlords at freely negotiated rents while tenants kept full security of tenure for duration of the tenancy. At the tenancy's end the tenant had a right to a new lease, on terms to be agreed between the parties or fixed by the county court. Any rent fixed by the court was to be at a market level.

The 1980 act introduced shorthold lettings designed to aid landlords who might be prepared to let for a short time even at restricted rents, provided they could be certain of retrieving the property at the period's end. Under shorthold provisions either landlord or tenant may apply for registration of a fair rent.

The paper proposes that tenants renting under shorthold procedure should keep the right to seek registration of a rent but that, in future, rents should be set at a market level taking account of the limited degree of contractual security which the tenant has been offered. The minimum length of a shorthold letting should be cut from a year to six months.

The Government proposes to remove most of the remaining controls over new lettings by resident landlords. It proposes to protect tenants by making it an offence for landlords to harass them knowing that such action would be likely to lead to the tenant leaving.

It proposes to strengthen civil law by allowing tenants who have been evicted illegally or forced out by harassment to claim greater compensation.

Direct action on housing urged

LOCAL AUTHORITY housing problems, particularly in some inner urban areas, are so serious that the Government wants more direct action "involving both public and private sectors."

It therefore proposes to establish in designated areas a series of bodies to be known as Housing Action Trusts (HATs). They would have powers similar to an urban development corporation but would take over responsibility for local authority housing.

It would then renovate it, and pass it on to different forms of management and ownership. Those might include housing associations, tenants' co-operatives and approved private landlords.

The HATs would be expected to "act as enablers and facilitators for provision of other community needs such as shops, workshops and advice centres, and for encouraging local enterprise."

They would have a limited lifespan. Their remit would be to secure the improvement of the stock in their area and then hand it over to other owners and managers. Through that process they would make use of public and private-sector resources.

"They will assist in the Government's aim of diversifying forms of management and ownership, in conjunction with other policies such as rent deregulation and right to transfer," says the white paper.

Disposals by HATs would generate extra funds that could be used elsewhere. It was too early to say how many HATs would initially be created or which areas they would tackle. Each HAT would consist of a chairperson and members appointed by the Secretary of State.

Strategic role for local authorities

THE FUTURE role of local authorities would include identifying housing needs and encouraging innovative methods of meeting that demand by other bodies, as well as maximising the use of private finance and encouraging new interest in the revival of the independent rented sector, says the white paper.

To fulfil that strategic role, councils would be expected to work closely with housing associations, private landlords, developers, and building societies. There would no longer be the same presumption that local authorities should take direct action to meet new or increasing demands.

A more businesslike financial framework would be required to make it easier to assess the true nature of the task facing each council.

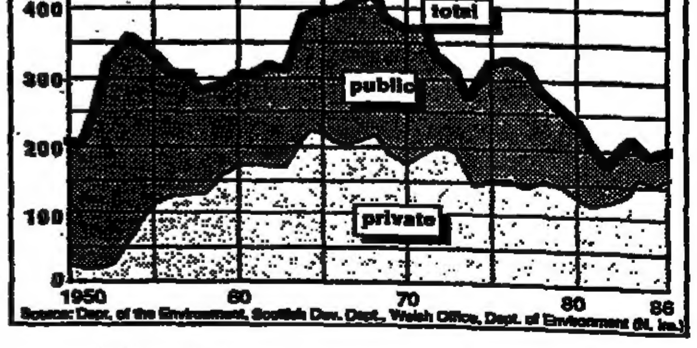
A consultation paper is to be issued setting out the Government's proposals for a new financial regime that would reinforce the present statutory distinction between the provision of housing and other local-authority functions, and replace the existing housing revenue accounts by arrangements more in accord with modern accounting practice.

It also proposes to introduce arrangements to allow council tenants to choose to transfer to other landlords. That will offer a remedy for tenants who receive a poor service from their council.

Exposing councils to healthy competition should also contribute to a better general standard of services even for tenants who do not transfer, says the white paper.

Many approved landlords would be established housing associations, but some would be commercial landlords. In other cases, tenants might be able to take control of their homes by forming a co-operative with neighbours.

The position of maisonettes and flats was complex and would require special arrangements. The position generally would be that the freehold of a block would be transferred where a majority of tenants wanted the arrangement.



Source: Dept. of the Environment, Scottish Dev. Dept., Welsh Office, Dept. of Environment (N. Ire.)

Mortgage interest tax relief to continue

THE GOVERNMENT intends to continue to give strong encouragement to the growth of home ownership, which it says has risen from 0.8m owner-occupied dwellings in 1914 to 13m privately owned homes in 1986, housing 65 per cent of the population.

It therefore plans to maintain tax relief on mortgage interest payments which gives assistance to buyers in the early years of mortgage repayments.

It will also encourage housing associations, financial institutions and the independent rented sector to develop shared ownership schemes to aid prospective purchasers who are unable to afford the full cost of purchasing a home but would like to make a start on buying.

Under shared ownership arrangements, a purchaser buys a proportion of a house or flat on the usual mortgage basis. The "buyer" then rents the rest of the property from a suitable agency, often a housing association.

The proportion of mortgage repayments rises as the purchaser's income increases until the purchaser becomes the full owner.

The Government also intends to modify its right-to-buy arrangements. About 1m tenants have already bought their homes under the right to buy or by agreement since April 1979.

Most landlords had administered the right to buy fairly and efficiently, says the white paper, but a few local authorities are slow in dealing with sales.

It therefore proposes that a tenant should have power to serve notice calling on the landlord to proceed. If it failed to do so, and the tenant was not to blame for the delay, the tenant would have power to pay rent to a deposit holder instead of to the landlord.

When the sale was completed the rent and accrued interest would be put towards the purchase price to compensate the tenant for the delay.

The Government also proposes that the cost-floor rule should be abolished. Under that, a tenant's right-to-buy discount may not reduce the purchase price below the sum of certain costs incurred since March 31 1974 in respect of the property.

Changes are also proposed in the way in which housing improvement and house insulation grants are allocated.

Primary legislation will be needed to aim grants at those people who need them, to encourage better take-up of grants, and to lever in private investment, says the paper.

It proposes that the present four types of grant would be simplified, leading to a single form of mandatory grant that would be available to bring property up to a new standard.

Above that standard, grant assistance will be at the discretion of local authorities. To avoid windfall profits, discretionary grants would be repayable on a sliding scale where properties are sold within the first three years.

Grant entitlement, currently based on ratable values, would be determined under the proposals by a new test of household resources that would take into account cost of the work and the household's ability to finance it.

UK NEWS

S&P offer undercuts credit card rates

BY HUGO DIXON

SAVE & PROSPER, the financial services group, yesterday launched a cut-price credit card, undercutting the interest rates charged by the main retail banks.

S&P is charging interest at 1.5 per cent a month (an annual percentage rate of 19.6 per cent), compared with the 1.75 per cent charged by most banks. Lloyds Bank and TSB charge 1.9 per cent (APR 25.3 per cent).

S&P's move comes at a time when the rates charged by banks are being investigated by the Monopolies and Mergers Commission. In lauching the inquiry earlier this year, Sir Gordon Borrie, Director-General of Fair Trading, said there was a *prima facie* case that banks were making monopoly profits by charging excessive interest rates.

It is uncertain, however, whether other banks will be forced to bring down their rates. Mr Ian Lindsey, Save & Prosper's director of banking services, argued it would bring the banks under pressure.

But Mr John Lee, head of Midland Access, one of the leading credit card companies, said: "Before we rush into a downward crush to 1.5 per cent, we are going to monitor market trends."

S&P's credit card will be a Visa card, operating much like any other credit card. One difference, however, is that to qualify for a card people will have to own their own home, be in salaried employment and not to have moved home or job in the previous year.

Segmenting the market in this way, said Mr Lindsey, would enable S&P to keep its provisions for bad debts lower than mass-market credit cards and to continue undercutting banks, however they responded. S&P has set itself a target of attracting between 25,000 and 50,000 cardholders in the next year, though it thinks the number could be considerably greater.

S&P yesterday also unveiled plans for an innovative investment product. Called ShareSafe, this will enable people to invest in the stock market without any risk of losing their capital.

In return for a guarantee that they are paid back their original investment, whatever happens to equity prices, investors are paid only half of any rise in the FT-SE 100 index.

Kinnock directs Labour towards 'new realities'

BY PETER RIDDELL, POLITICAL EDITOR

THE LABOUR Party has to update its policies so as to appeal to the relatively affluent as well as to the poor and disadvantaged if it is to win power again, Mr Neil Kinnock, the party's leader, said yesterday.

In his address to the party's conference in Brighton he argued that after three successive general election defeats the party's policy review, approved on Monday, should 'spread across the whole field, leaving nothing out.'

He emphasised the need to adjust to new 'social realities' of increasing home and share ownership, changing work patterns and earlier retirement.

Defining socialism as 'largely about ordinary people getting on," Mr Kinnock said the party's attempt to win back the relatively secure could not be based on an appeal to the have nots. He gave the vivid example recently cited by Mr Ron Todd, the transport workers' leader, that you could not say to a docker earning £400 a week, owning his house, a new car, microwave and video and a small place near Marbella, 'Let me take you out of your misery, brother.'

Mr Kinnock deliberately did not spell out the details and direction of new policies to be pursued by the review over the next year. However, he pleased a number of centre-right colleagues not only by his general toughness but also by specifically indicating that nuclear defence policy would be re-examined. This group believes that defence was a major vote loser for Labour last June.

Mr Kinnock said that Labour would 'work to ensure that we have a policy in a different situation of 1990 that is capable of dealing with changing conditions in a way that would enhance the prospect of removing reliance on nuclear weapons of any description.'

His advisers later made clear that while the non-nuclear objective would remain, the review would examine the timetable for implementation and consultation with allies, particularly in the light of possible talks on the reduction of strategic nuclear weapons.

Mr Kinnock was careful, however, to stress that the party would not be 'making a bonfire of everything we stood for last June.' In particular he emphasised the continuing acceptance of collective provision in education and health care and the limits of the market in determining investment in science In general, his 54-minute speech, though characteristically long-winded in parts, was well received. There were, however, some doubts about how the party would ever regain office. There was also isolated heckling from the hard left.

Mr Kinnock made a point of replying to recent criticisms from hard left leaders such as Mr Tony Benn, without naming him specifically, that the policy review amounted to defeatism and a political identity crisis. Instead, he argued that 'after losing three elections any serious political party that did not undertake the most rigorous assessment and review would be betraying itself and its principles.'

After the recent controversy over Labour's attitude to wider share ownership Mr Kinnock said that the party would be fooling itself if it did not accept that the increased ownership of shares had not made a difference to their owners' personal economic perceptions. 'That is a matter of fact and the result of it is that our policies are going to have to take account of that reality and a number of others.'

He annoyed some on the left by warning of the need for self-discipline to ensure electoral success and saying that the party could not live on "a constant diet of resolutions condemning and motions deploring and statements opposing."

He said the party could not be content with "gestures that will be ignored, bluffs that will be called, and illegality that will be punished."

Conference reports, Page 14

Blue Arrow rights attract take-up of only 48.9%

BY PHILIP COGGAN

BLUE ARROW'S £837m five-for-two rights issue - the largest ever launched in the UK - was taken up by only 48.9 per cent of the employment agency's shareholders. The result was well down on the 70 per cent level which the company and its merchant bank County NatWest were predicting as late as Monday.

The remainder of the shares was placed by stockbroker Phillips & Drew yesterday morning at 166.25p, a slight premium to the 166p rights price. By itself, the placing, at around £435m, was one of the largest ever made in the UK.

The rights issue was launched in order to finance Blue Arrow's successful $1.3bn bid for Manpower, the US employment agency. Blue Arrow's offer was the largest of a series of bids for large companies by smaller UK groups which have been financed by subetantial rights issues.

The response to the Blue Arrow offer was much better than that achieved by either WPP, which raised £213m to finance its offer for JWT, the US advertising agency and public relations group, or FKI Electricals which raised £94m to help to finance its merger with engineering giant Babcock International.

Yesterday County NatWest and Phillips & Drew asserted that the Blue Arrow issue was a success, because unlike the FKI or WPP deals, no shares were left with the underwriters.

They argued that the take-up of £400m worth of rights was effectively the equivalent of a one-for-one issue and that many institutions could not accept their full entitlements without exceeding the limits imposed on their investment in any one stock.

A list of potential placees was drawn up over the past week, and the target price of 166.25p was no secret. The nil paid rights, which grant entitlement to the new shares, were trading at 1.25p. Adding in the 166p rights price, the effective cost of taking up the issue was 167.25p, 1p higher than the placing price.

Train makers link to bid for Channel Tunnel deal

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

NINE EUROPEAN railway equipment manufacturers have formed a consortium to bid for the £400m contract to build high-speed through trains for the Channel Tunnel.

The consortium includes the leading manufacturers in Britain and France and provides for work on the contract to be split equally between the two countries.

A smaller proportion of the work would also be reserved for Belgian companies in recognition of the investment required for a high-speed track linking the tunnel with Brussels.

The agreement is likely to prove politically attractive in all three countries because it would avoid the possibility of a battle for the biggest share of the contract.

The members of the consortium are: British Rail Engineering, GEC Transportation Projects, Brush Electrical Machines and Metro-Cammell of the UK; Alsthom, ANF-Industrie and De Dietrich of France; and BN and ACEC of Belgium.

All except ANF-Industrie were included in the list of 11 companies invited to tender by the three railway authorities, British Rail, SNCF of France and SNCB of Belgium.

Three companies invited to tender but not in the consortium are Leyland Bus, NEI Peebles and Walter Alexander, all of the UK.

The agreement provides for a joint management team to be set up and for common design teams to be formed in both the UK and France.

GEC Transportation Projects would act as the lead company for the electrical design aspects and Alsthom, which built the 180mph Train a Grand Vitesse, would lead the team designing mechanical parts.

If the consortium is successful, the French and British companies will each take 44 per cent of the contract work, with 12 per cent reserved for Belgium.

The agreement stipulates that complete train sets would be assembled in both the UK and France, ensuring that the railway industries of both countries have an equal share in the required construction technology.

That is regarded as of particular importance to the UK industry.

The contract will be awarded jointly by the three railway authorities, probably early in 1989, so that track testing can begin by 1991, well in advance of the opening of the tunnel in 1993.

The contract is for a fleet of 40 fixed-formation trains capable of operating at 180mph, with locomotive cars at each end and about 15 coaches providing space for about 770 passsengers with restaurant and buffet facilities.

The trains will have to be capable of operating on different power supplies in the UK, the tunnel, France and Belgium, and will have to be built to the British loading guage rather than the more widely used continental guage in order to use British tracks.

The contract is separate from the fleet of shuttle trains to be ordered by Eurotunnel, which will carry vehicles between terminals near Dover and Calais.

Eurotunnel profits 'to rise to £600m by turn of the century'

BY RALPH ATKINS

SHARES IN the Channel tunnel will increase in value by at least 28 per cent a year during the construction period and are likely to outperform recent privatisation issues, estimates Warburg Securities, lead broker to the project.

The forecast, published today, shows profits after tax from Eurotunnel, the Anglo-French group building the tunnel, rising from £78m in 1994 to almost £600m by the turn of the century and £7.5bn in 2038.

Profit margins are expected to rise to 60 per cent within a decade of the tunnel becoming operational in 1993. That is higher than currently being achieved by any of the larger UK quoted stocks.

The study precedes a marketing drive, to be launched tomorrow, for Eurotunnel's November share offer to raise £750m towards the tunnel's construction costs. About half is expected to be provided by British investors. Construction of the two 50km main tunnels and an access tunnel is expected to start at the end of this year.

The forecast shows a £10,000 investment would lead to a dividend payout of £1,616 in 1995, the first year of profit for the company. That would rise to £22,005 by 2015.

Warburg predicts that the £350m already raised to finance the project and the £750m raised in November will together be worth £7.4bn when trains and the shuttles carrying cars begin bringing in the first revenue for Eurotunnel. That represents an annual compound growth rate of 41 per cent.

Even in its worst-case scenario, with traffic levels 15 per cent below forecasts and a year's delay in construction, Warburg predicts a 28 per cent growth rate.

Mr David Freud, one of the report's authors, said that compared favourably with returns on projects such as the Hong Kong cross-harbour tunnel and the Spanish motorway system. However, he emmphasised the difficulty of finding comparable private- sector projects.

Warburg believes that investors will demand a high rate of return - perhaps 30 per cent - in the early years of the project because of the risks involved.

But the report adds: "The day the English and French tunnelling teams shake hands under the Channel, that requirement is likely to drop, and the share price jump up accordingly."

Royal Docks to be redeveloped

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE LONDON Docklands Development Corporation is ready to give planning permission to Rosehaugh Stanhope, a joint venture property company, for a £750m redevelopment scheme on the north and east sides of the Royal Albert Dock.

It has also signed a "social and community compact" with the London borough of Newham, within whose boundaries the Royal docks are situated. The compact contains a provision for the borough to have an equity stake in Royal Docks property developments.

The Royal Docks cover 500 acres of derelict land and 240 acres of water to the east of the City of London. Their rehabilitation is the next and largest stage of the Docklands urban renewal programme.

The LDDC planning committee decided it was "minded to approve" the Rosehaugh Stanhope planning application for a scheme that includes 1,000 homes, a regional shopping centre and 2.5m sq ft of business premises.

But it is obliged to refer the Rosehaugh Stanhope planning application to Mr Nicholas Ridley, the Environment Secretary, because it breaches previous development plans for the area and because the shopping facilities exceed 250,000 sq ft. That move is seen as a formality.

LDDC officials yesterday described the agreement with Newham as historic. It is the first time the LDDC has signed a formal agreement with a borough undertaking to secure social benefits for it from property developments.

The agreement covers the provision of 1,500 homes to let at a fair rent, work towards the objective of securing 25 per cent of all new jobs for local residents and the provision of £10m for facilities like health and community centres.

It also states that agreements will be negotiated with developers to give the borough an equity stake in developments. No details of how or in what form that would take place have yet been settled.

In some cases the borough could trade its land holdings in the area for equity. In others provision could be made for the borough to receive a percentage of shop or office rents.

Docklands Forum, which brings voluntary organisations in the area together, thought the agreement inadequate, as it did not cover the protection of existing shopping centres from new developments, or the protection of local industry from development pressures.

Meanwhile, the LDDC is expecting shortly to receive planning applications from two other consortia, Vom-Laing-Fox and Conran Roche-Heron-Mowlem, covering two other parts of the Royal Docks.

At a board meeting at the end of last week, the LDDC is understood to have decided to pursue development negotiations with those two consortia and Rosehaugh Stanhope.

That tends to reduce the chances of rival plans - from London and Edinburgh Trust for the site covered by the Rosehaugh Stanhope application and from a consortium of Barratts, Countryside Properties and the East London Housing Association for the site covered by the Conran Roche-Heron-Mowlem scheme.

UK 'could import more coal'

BY MAURICE SAMUELSON

BRITAIN could import a third of its coal by the end of the century without endangering national security, says a report due out next week from the Royal Institute of International Affairs.

Mr Jonathan Stern, the report's author, makes the observation in weighing up implications for the coal industry of the planned privatisation of electricity.

He notes that "security of supply is not a reason for total self-sufficiency" and says there is no reason to believe that, at the margin, foreign supplies would be any less secure than domestic production.

The Central Electricity Generation Board (CEGB) claims it has the physical ability to import 10m-15m tonnes a year and that this could be boosted to 30m tonnes a year in three to five years by installing new handling gear at docks.

At present the CEGB imports little more than 1m tonnes a year, buying more than 80m tonnes of domestic coal under a joint understanding with the British coal industry.

However, British mines remain under pressure from falling world prices despite the dramatic improvement in their costs and a privatised electricity ind .stry would be free to import coal. According to Mr Stern, the greater the number of generating companies set up under privatisation the weaker British Coal's bargaining position.

However, as long as political and infrastructural limitations made it impossible for the CEGB to increase imports beyond certain levels, it was important that, over the medium to long term, price levels reached in the joint understanding should reflect world market prices.

Mr Stern says: "The joint understanding needs to be an acceptable surrogate for market forces which strikes a balance between the need to give consumers the benefit of movements in world prices when these are favourable, while, at the same time, recognising the practical limits of flexibility which exist in the British coal industry or indeed in the CEGB's ability to replace domestic coal by imports."

UK Energy Issues 1987-92, by Jonathan P. Stern; Joint Energy Programme, Policy Studies Institute, Royal Institute of International Affairs, 10, St. James's Sq., London SW1Y 4LE; 39 pages; £10.

Two City solicitors to merge next May

BY HAZEL DUFFY

CITY SOLICITORS Lovell White & King and Durrant Piesse are to merge into one of Britain's largest law firms from next May 1, to be known as Lovell White Durrant.

The new firm's senior partner will be Mr Peter Gerrard, senior partner of Lovell White & King. Mr Alan Parsons, senior partner of Durrant Piesse, will be deputy senior partner.

In a joint statement yesterday the firms said: "We decided to merge because of our complementary practices, similar approach and compatible personalities."

The merger follows that between Clifford Turner and Coward Chance earlier in the year. It is recognition of the two firms' need to meet the City's growing demand for specialist legal advice by pooling expertise and resources.

Lovell White & King, the larger of the two practices, provides a range of legal services to the corporate sector. It is noted for litigation and commercial property work. Durrant Piesse specialises in banking, energy and insolvency practice.

Mr Parsons said yesterday: "Although we have achieved rapid growth, because of the speed of change in the City it would have been difficult to achieve this objective without being associated with a broader-based practice operating internationally."

Lovell White & King has offices in New York, Hong Kong and Brussels.

● Walker Morris & Coles, of Leeds and Bradford, and Scott Turnbull & Kendall, of Leeds, are to combine in the new year to create Yorkshire's largest law firm. A working relationship will start immediately.

Import quota on Chinese underwear

By Lisa Wood

THE GOVERNMENT has set a provisional quota on the rising imports of Chinese underwear. From midnight last night, for the next three months, the quota is 2.63m pairs of cotton pants for men, women and children. Imports of Chinese underclothing rose from 2.2m items in 1985 to about 23.1m for the first seven months of this year.

The Nottingham-based Knitting Industries Federation, representing UK manufacturers, last month lobbied the Government to ask the European Commission for restraints on the imports.

The quota follows last week's decision by the European Community's textile management committee in Brussels to back Britain on the issue. Mr Alan Clark, the Trade Minister, had asked for support because he felt jobs were threatened.

He said: "The import figures concerned me as they more than doubled over the three months to the end of July compared with the previous three months.

"At this level, the imports are starting to disrupt the market, threatening British industry and jobs."

In accordance with the provisions of the Bilateral Textiles Agreement between the EC and China, the quota level is provisional pending an agreement on a definite limit.

Under the agreement West Germany, France, Ireland and the Benelux countries already have quotas on Chinese underwear.

MacGregor backs farm conversion

By Bridget Bloom

PLANNING OFFICIALS in the countryside and in Green Belt areas should not obstruct farmers who wished to convert existing farm buildings to other uses, Mr John MacGregor, the Minister of Agriculture, said yesterday.

In a speech to a conference of rural planners in Nottingham, Mr MacGregor said that farmers were facing the sort of crisis that made it essential for many of them to diversify. To do so, it was often vital for them to be able to convert farm buildings to new uses, including small business.

Proposals for such use, whether in the countryside or in the Green Belt, should not be rejected unless there were specific and convincing reasons that could not be overcome by attaching reasonable conditions to the planning permission, Mr MacGregor said.

Ministry of Agriculture officials said yesterday that Mr MacGregor's implicit criticism of rural planning authorities was backed by the Department of the Environment, the lead government department on the issue.

Until recently, the DoE has appeared to be backtracking on measures which would ease restrictions on rural development.

Mr MacGregor pointed out that traditionally even small villages had had their rural industries, such as a blacksmith's forge, while most market towns had flour millers or breweries or brickworks.

Often new industries were cleaner and less noisy, and provided vitality to the community in just the same way.

Satellite group raises £172.5m loan facility

By Raymond Snoddy

BRITISH Satellite Broadcasting, the UK direct broadcasting by satellite venture, yesterday announced that it had arranged a £172.5m loan facility to help to fund the project.

The loan facility will finance progress payments to Hughes Aircraft for building and launching the satellites, which will provide three national channels of television in the UK from the autumn of 1989.

The BSB investors, including Granada, Virgin and Pearson (publishers of the Financial Times) have already made equity commitments totalling £225m.

The consortium, however, has chosen to fund the progress of the venture up to launch by loans so that the shareholders will not have to part with their money so early. The loans are fully backed by the equity commitments.

Fair employment guidelines defended

MR TOM KING, the Northern Ireland Secretary, has strongly defended the Government's fair employment guidelines in Northern Ireland in a key speech during his 10-day visit to the US.

Mr King, who was addressing the Chicago Council for Foreign Relations, said positive steps were being taken to end discrimination in private-sector employment.

A.H. Hermann on an Australian court ending a publishing ban

Spycatcher comes in from the cold

NO DECISION by Australian courts can lift the ban affirmed and reinforced by the House of Lords on UK publication of Mr Peter Wright's book Spycatcher. The ban will remain in force until the matter is finally decided after a full trial - or until the injunction is lifted through an application by the Attorney General.

However, the decision of a superior Australian court to lift the temporary prohibition to publish in Australia will much increase pressure on the British Government to give up its quest.

The persuasive force of a common-law decision adopted in Australia is bound to make the outcome of the English trial appear less predetermined than it seemed to be immediately after the House of Lords judgment.

As the Australian injuction cannot be reinstated before the hearing of the substantive appeal on October 14, Heinemann, the publisher, gained at least a fortnight in which to produce the book in Australia and possibly on the continent.

They may then try to put the book on the UK market through the normal wholesale channels, and the question will arise as to whether the UK's book trade can legally undertake its distribution.

The short answer to that is that nothing can stop the Attorney General from asking a High Court judge to make the prohibition applicable to the book trade.

He could rely on the House of Lords ruling upholding the Attorney General's claim that, although the US edition is available to a relatively small circle of readers in the UK, the wider newspaper-reading public should be prevented from reading criticism likely to bring the security services into disrepute and thus make their operation more difficult.

The security argument would, no doubt, be employed by the Attorney General to dislodge any argument that opposition to imports from another EC country would contravene the EEC treaty guaranteeing free circulation of goods. Article 36 of the treaty explicitly allows prohibition of imports on the grounds of public policy, public safety or security.

However, such a new application to the High Court may not be necessary.

The courts held that it would be contempt of court if other newspapers to which the Injunction was not addressed were to frustrate its purpose by publishing extracts from the book, or even reported the Australian proceedings with a similar effect.

It seems that wholesale importers of the book would be similarly held in contempt. There seems little doubt that "publishing" includes any method of making the book available to the public - irrespective of where the book was printed.

A small gap in the Government's case seems to be left by the Law Lords' emphasis on special dangers of newspaper publication of extracts.

It could be argued that that means that book publication was thought to be less harmful and that that view was further reinforced by the Government's failure to take any steps to prevent imports on a small scale.

It could be said that that created a justified expectation that no importers would be prosecuted as the authorities could not be assumed to flout such a basic rule as the equality of citizens before the law.

The answer to that would be that the distinction between availability of information to an elite and to the wider public is the keystone of the Law Lords' Spycatcher decision.

Holiday rivals ready to intensify price war

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

BRITAIN'S LEADING package-tour operators yesterday announced plans to intensify the holiday price war for next summer, after fierce price competition in recent months.

Three out of the top four tour operators launched their brochures for next year and confirmed that they would stay price-competitive with each other.

Thomson Holidays, the market leader, made clear that it was determined not to be undercut by rival operators. Ms Rosemary Astles, Thomson's marketing director, said: "If other operators deliberately undercut us we will, of course, relaunch our brochures with lower prices."

Horizon Holidays, the third-place tour operator, which was acquired by the Bass brewing group this year, also committed itself to a price war.

Mr David Cockerton, managing director, said: "We will not be beaten on prices. If we are provoked we will react."

Sunmed Holidays, which last week merged with British Airways' loss-making travel companies to form the fourth-largest tour operator, announced price cuts on 50,000 of next summer's holidays to Greece and Turkey as well as special reductions for children.

The price competition between the leading companies is set against a background this year of fewer Britons going abroad than the tour operators had anticipated.

The travel trade had increased its capacity this summer by between 20 and 30 per cent on top of the 9.4m holidays sold in 1986. Trade estimates suggest that only 10 per cent more holidays were sold.

That has led to a number of smaller tour operators going bankrupt this summer and more are expected in the next few weeks. In addition, it has led to the British Airways move and to the Rank Organisation deciding to pull out of the market by selling its Wings operation to Horizon.

However, both Thomson and Horizon yesterday announced plans to increase capacity by 30 per cent next summer. Sunmed, the leading tour operator to Turkey, is increasing its holiday capacity to that c untry by 50 per cent.

Although the leading tour operators remain determined not to be undercut by each other, that has not led to any real price cuts next year. Overall prices for next summer were said in the travel trade yesterday to be about 8 per cent higher than this year.

The operators appear to have increased prices on early and late-season holidays while holding them on their high-season holidays.

Tour operators and travel agents face the problem of persuading customers to book early for next year. In spite of warnings by some operators that late bookers will not get a bargain next summer, few in the travel industry really believe that will be the case.

Shipping complaint threatened

BY OUR TRANSPORT CORRESPONDENT

THE BRITISH Shippers' Council, which represents nearly 14,000 UK exporters, is considering asking the European Commission to investigate pricing agreements between shipping companies on several important trade routes.

The commission is already investigating a formal complaint by the council claiming that a pricing agreement between the North Europe Atlantic Conference - a consortium of six shipping companies - and two independent carriers is in breach of community law.

This was the first investigation to be launched under the community's Maritime Regulations, which came into force in July, effectively extending competition provisions of the Treaty of Rome to ocean transport.

The shippers' council regards the regulations as an opportunity to challenge pricing agreements where they remove competition between conference members and independent operators.

Conferences - cartels operated by shipping companies on individual trading routes in order to regulate competition - are not themselves illegal under the regulations but their behaviour is subject to community control.

Mr Jack Welsh, director of the council, said the investigation into the North Atlantic trade would be a signal to other conferences "to adjust their conduct to keep it compatible with the evolving law of the community."

He said the council had "identified other areas which will be tackled in the future if the circumstances remain as they are."

The council is believed to be particularly keen to see changes on the trade routes to the West Indies, Australia and New Zealand, and South America.

The commission is expected to take up to two years to investigate the North Atlantic pricing agreement, which the council claims has forced small carriers out of the market and pushed up freight rates above their natural level.

Employment prospects 'good'

BY CHARLES LEADBEATER

ABOUT a fifth of employers report buoyant prospects for employment growth in the coming three months, with more than a quarter expecting to take on staff and 8 per cent planning to shed labour, according to a survey of employers published today. That is, however, no improvement on the situation in the previous quarter.

The quarterly survey of 1,560 employers, with more than 3m employees, found the balance of the proportion of employers forecasting job increases against those expecting job losses was 21 per cent.

The previous survey, which forecast employment prospects over the third quarter, reported the same balance of employers expecting job gains. However, this quarter's figure represents a significant improvement on job prospects a year ago, when a balance of 18 per cent of employers forecast job gains.

The survey, published by Manpower, the temporary staff recruitment specialist, found that the balance of manufacturing employers forecasting job gains has risen to 20 per cent, up from 13 per cent a year ago.

That is the highest figure since 1979. In all but one of 10 manufacturing sectors covered, the balance of employers expecting job gains has risen from the level of a year ago.

The fastest growth is expected in clothing manufacturing, with a balance of 47 per cent of employers forecasting job gains; in textile manufacturing, a positive balance of 29 per cent; and in electronics.

The survey found that a balance of 32 per cent of service-sector employers expected job gains, 4 per cent up on three months ago but 1 per cent lower than a year ago.

Employment prospects have improved over the year in only half the service sectors covered.

The strongest employment growth is forecast in retailing, banking and hotels and catering.

The differences between job growth in different regions has narrowed over the year. The survey found that the lowest rate of job growth was forecast in Scotland and East Anglia, with 12 per cent, followed by the north-west with 16 per cent, and the north-east on 17 per cent. The highest employment growth is forecast in the south and the east Midlands with 27 per cent, Yorkshire and Humberside on 26 per cent, and South Wales on 24 per cent.

A year ago the disparity in the rate of job growth ranged from zero in Scotland to 32 per cent in Yorkshire and Humberside.

The Manpower Survey of Employment Prospects, 4th Quarter 1987. Manpower, Manpower House, 270-272 High Street, Slough, Berks SL1 1LJ. Free.

Lloyds targets small business clients

BY CHARLES BATCHELOR

CLEARING-BANK COMPETITION for the custom of small businesses has intensified further with an announcement by Lloyds Bank yesterday that new customers with an annual turnover of less than £100,000 will be eligible for 12 months' free banking.

The offer applies only if the business stays in credit. It is being made to customers who switch from another bank and to those starting a business.

Mr Roger Bardell, divisional manager for the bank's small-business services, said Lloyds hoped to increase its 19 per cent share of the market for the accounts of businesses with less than £100,000-worth of sales. Small firms in that category spend an average £80 a year on bank charges.

Lloyds has led the contest for small firms' business over the past year. In July last year it was the first clearing bank to introduce a standard tariff for its small-business customers which allowed them to calculate likely bank charges in advance. It was followed by Barclays and National Westminster.

The campaign was largely responsible for a 16 per cent rise in the number of new small-business accounts by the end of last year compared with the 12 per cent overall increase in new company registrations.

The latest free banking facility is available to sole-traders, partnerships and limited companies. If a business grows beyond the £100,000 turnover level in the 12-month period it will still qualify for free banking. If its account is overdrawn the bank's standard business tariff will apply for the month in question.

Lloyds will also provide a free copy of its newly-published Small Business Guide to new small-business customers.

There are more than 1m businesses with turnover of up to £100,000. More than 250,000 new ones will start in the next 12 months.

Head teachers call for end to A-levels

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

UNIVERSITY chiefs and heads of senior schools yesterday called for the scrapping of the Advanced-level examinations at 18-plus and their replacement by exams in an increased number of subjects to cater for a wider range of academic ability.

The Committee of Vice-Chancellors and Secondary Heads Association, together with the Headmasters' Conference and Girls' Schools Association, representing independent schools, were giving evidence to the Government-appointed Higginson Committee considering reform of the A-level exams.

They said: "We have long believed that the traditional three-subject A-level course is unacceptably narrow as a basis at 18 for further or higher education, or for training or employment."

The present exam was also "unacceptably demanding", especially in maths and sciences.

A-levels should be replaced by an examination to be taken in five subjects, with more emphasis on conceptual understanding and on the application of knowledge.

Newspaper takeover probe urged

By John Hunt and Raymond Snoddy

MR MALCOLM BRUCE, the Liberal Party's acting spokesman on trade and industry, has written to Lord Young, the Trade and Industry Secretary, urging him to set up an independent body to review press mergers and takeovers and prevent any further concentration of ownership within the UK newspaper industry.

He has taken the action in the light of Mr Rupert Murdoch's acquisition of nearly 15 per cent of Pearson, which owns the Financial Times, and Mr Murdoch's earlier takeover of the loss-making Today newspaper.

Mr Bruce commented last night: "Increasingly the Government has become the enemy of competition and the friend of monopoly, especially when there is a political or financial pay-off to the advantage of the Conservative Party.

"So far they have not lifted a finger to interfere with the increasing dominance of Rupert Murdoch's News Corporation within the British national press."

Mr Bruce, MP for Gordon, challenged the Government not only to protect the independence of the Financial Times but to set such action in the context of a clearly stated policy about newspaper ownership.

Meanwhile journalists on the Financial Times yesterday decided to launch a campaign to make readers fully aware of the reasons for "the unique importance of editorial independence on the Financial Times."

The journalists want to ensure that editorial independence becomes a fundamental part of the public debate in the event of a bid for Pearson.

"The Financial Times enjoys under Pearson's ownership a freedom from proprietorial interference which is rare in British journalism. It is essential that this freedom continues, not only for the sake of the newspaper's editorial reputation but for its commercial success," a motion passed by the FT chapel (office branch) of the National Union of Journalists said.

Should the FT ever cease to be owned by Pearson, its journalists decided they would like to see a broadly based form of ownership structured to prevent any single interest gaining control.

Lord Blakenham, chairman and chief executive of Pearson, will meet Mr Murdoch later this week.

Money supply rise confirmed

By Janet Bush

THE BANK of England yesterday confirmed its provisional estimates for money supply growth in August.

Final figures show the broad money aggregate, M3, grew by a seasonally adjusted 1.5 per cent last month while the narrow money aggregate, Mo, increased by 0.3 per cent.

The small rise in Mo kept the year-on-year growth rate in the measure near to the middle of the Government's 2 per cent to 6 per cent target range at 4.5 per cent.

The Mercedes-Benz 200-300E series: Choose breathtaking performance or remarkable economy. Elegance is standard.

It was perhaps a formidable automotive engineering challenge to create a mid-size range of cars that was true to the Marque yet could meet diverse demands, from high mileage businessman to fast moving executive.

The Mercedes-Benz 200–300E series met the challenge. A range of six models, four petrol and two diesel, with a choice of engine sizes from two litres to three litres. Yet not one car in the range is a compromise. The shape and dimensions are shared but in six variations that can be precisely matched to individual needs and personal tastes.

Model		Engine Size (cc)	Number of Cylinders	Bhp (DIN)	0–62mph (secs)	Max mph	Standard Transmission	Mpg (litres/100km) Urban	56mph	75mph
Petrol	200	1997	4	109	12.6	116	5 speed Manual	25.1 (11.2)	46.1 (6.1)	36.7 (7.7)
	230E	2299	4	136	10.4	126	5 speed Manual	25.4 (11.1)	45.6 (6.2)	36.7 (7.7)
	260E	2599	6	166	9.5	133	4 speed Automatic	22.8 (12.4)	34.4 (8.2)	28.5 (9.9)
	300E	2962	6	188	8.2	139	4 speed Automatic	22.1 (12.8)	34.0 (8.3)	28.2 (10.0)
Diesel	250D	2497	5	90	16.5	109	5 speed Manual	31.7 (8.9)	52.3 (5.4)	40.4 (7.0)
	300D	2996	6	109	13.7	118	5 speed Manual	28.8 (9.8)	52.3 (5.4)	40.4 (7.0)

Source: Manufacturer's Figures/Official Government Fuel Consumption Figures.

Each car is first and foremost an exercise in engineering excellence, designed to compete not simply against competitive makes but against much tougher rivals: the Mercedes-Benz models they replaced. These cars are lighter yet stronger and safer than their predecessors. They combine higher engine power and improved acceleration with considerably reduced fuel consumption.

As with every new generation Mercedes-Benz, these saloons were designed and developed during a nine-year programme. They demonstrate how more room can be created without an increase in size and how improved ergonomics can produce a better driving environment. The uncluttered outer skin forms an aerodynamically efficient shape, yet still retains the unmistakeable and timeless Mercedes-Benz identity.

The 200–300E series demonstrates incredibly tenacious road-holding ability. A long wheelbase and wide track help, but it's mostly due to a revolutionary suspension system: shock-absorber struts, independent front suspension and the unique Mercedes-Benz multi-link independent rear suspension.

There are dual-circuit servo assisted disc brakes on all four wheels and on the 260E and 300E there's the additional security of ABS anti-lock braking as standard. Safety innovations include electronic tensioners for the front seat belts and pedals that swing away to limit the danger of injury to the driver's feet in the event of an accident.

Performance, handling, comfort and reliability are all fundamental to the 200–300E series. Timeless Mercedes-Benz styling, quality of finish and retained value give the cars their enviable reputation. A reputation unique to the name Mercedes-Benz.

Engineered like no other car in the world.

RJA/184/FT

TECHNOLOGY

Bull's smart cards come up trumps

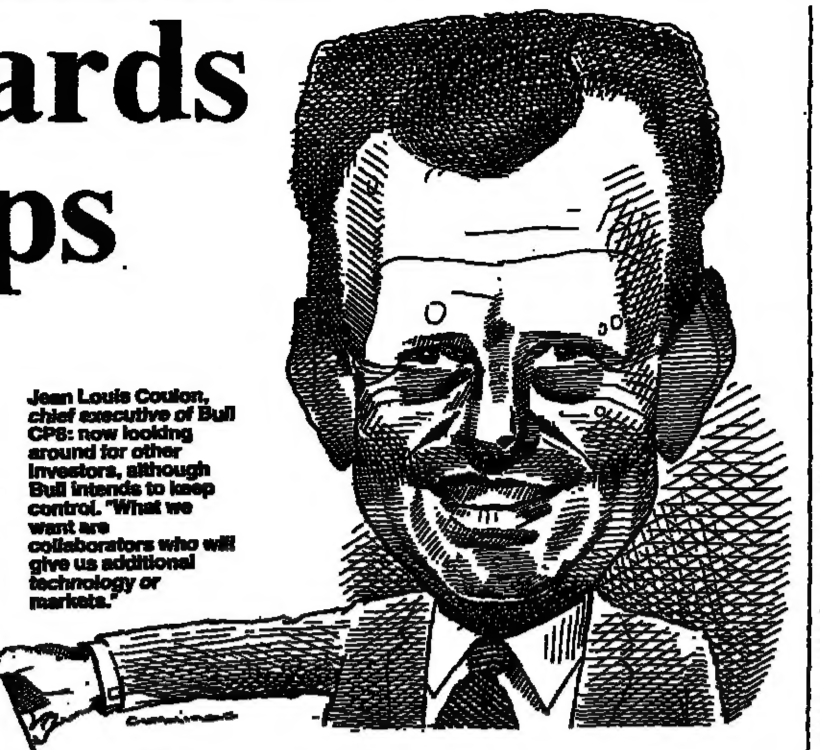
Terry Dodsworth explains how French tenacity has begun to reap its rewards

IT USUALLY takes a high degree of imagination and more than a little technological know-how to establish a new product in the electronics industry. Sometimes it can demand an enormous amount of grit and sheer staying power as well. Ask Bull, the French computer group.

Almost 10 years ago Bull became intrigued with the idea of smart cards - plastic cards containing microprocessing power - and decided to back the concept. Ever since then, the company has been fighting an uphill battle to establish the project as a commercial proposition.

The market has been interested but baulked at the cost; and Bull has had to pour in money, both on product development and manufacturing technology, while unsure that it would ever be able to achieve the volume of sales that would justify its investment.

Today, however, Bull CP8, the subsidiary which makes the cards, is at last beginning to detect the prospect of its commitment paying off. After years in which sales have been heavily concentrated in France, the cards are at last beginning to make an impact internationally, and production volumes are leaping ahead. "I think we shall be at break-even level next year," says Jean Louis Coulon, chief executive.



Jean Louis Coulon, chief executive of Bull CP8: now looking around for other investors, although Bull intends to keep control. "What we want are collaborators who will give us additional technology or markets."

Bull CP8

	1985	86	change
	F.Franc M		%
Revenue	58	175	+201
Investment	16	46	+185
R & D	30	44	+46
Net loss	22	44	
Revenue/ employee	0.49	0.54	+11

Up to now, smart cards have had a tough time in the market place because they were running head on against a simpler and cheaper technology - plastic cards activated by a magnetic strip. Smart cards are more complex, containing tiny semiconductors embedded in the plastic. In their simplest form, they use a memory chip to store large quantities of data; the more sophisticated variety - the genuine "smart" cards - contain a microprocessor capable of being programmed to analyse a variety of information about the owner.

Among the uses to which the cards are now being put are:

- As electronic payment devices, the cards are being issued by the banks in France, and are also being used by the telecommunications authority to pay for videotext services. Bank cards can also be programmed to operate pay telephones: the user first codes in his or her personal identification number, and the call is then debited to that account.
- The cards are increasingly being used to control access to computerised information. Employees have to insert the cards in a reader, which then authorises them to use a personal computer or to work with a customer's records. In the Nice area, examiners for the baccalaureat exam use the cards to ensure confidentiality when transmitting exam results and linking up with the data base.
- Medical centres are also putting personal health records on the cards, with the results of doctors' examinations and laboratory tests.
- In the US, Bank of America controls access to high security areas using a digital fingerprint stored on the card and checked by a reading device.
- Citibank's UK subsidiary has issued 1,000 cards to customers who want to withdraw money in local currency at the bank's overseas branches. The card does not have a name on it, but is programmed to store information about the clients' account, and the physical characteristics of the person presenting it.

Bull's marketing strategy is to attack these different markets emphasising that the cards will not necessarily replace any of the existing types of plastic money or other types of identification procedure. Instead, the company argues that the higher price of its product - about £3 a card against 50p for a standard device - is justified by its greater fexibility and security. It is very hard to tamper with the chips, it says.

"This technology will never replace the magnetic stripe," says David Stephenson, marketing director. "But it allows the card issuers to introduce new services and brings more security to their transactions."

This message now seems to be gaining more credibility with potential purchasers. At the beginning of this year, production was running at about 200,000 cards a month, but its has increased dramatically to reach the present level of 1m a month, which is close to total current capacity. The order book is strong, says Coulon, and the company is confident that this rate of output will be maintained next year.

A significant element in this growth has come from overseas expansion, seen as the key to viability for the project. Like many electronic products, development has been so expensive for a device that will sell at a low and probably reducing price, that the programme demands more than a domestic market. CP8 has a manufacturing facility in the US, and is now selling throughout Europe and as far afield as Senegal and New Zealand.

All of the investment, says Coulon, has been borne by Bull, with no support from the French Government - although, of course, the company is nationalised. This expenditure has been a considerable act of faith over the last few years; in 1986, CP8 spent FFr90m(£9.04m) on a combination of capital investment and research and development, when sales were running at only FFr178m and losses at FFr28m. This year, when sales are expected to reach FFr220m, investment will amount to FFr50m and the research budget to FFr46m.

The investment, however, should consolidate the company's position in the market, where no significant competitor has emerged so far. Most of the expenditure has gone into setting up a highly automated production line, which, says CP8, would not be easy to emulate: the manufacturing technology for making the cards is tricky because of the risk of shattering the chips and of fixing them satisfactorily to the card.

Indeed, the company is hoping to turn this position in the market into an attractive proposition for potential buyers of equity in the group. CP8 is actively looking around for other investors, and although Bull intends to keep control, it feels that the smart card operations might be able to expand faster with other partners on board as well. "What we want is collaborators who will give us additional technology or markets," says Coulon.

KEY DEVELOPMENT DATES

- Dec 76 First card to use an electronic microchip
- Sep 79 World's first public demonstration, to American Express
- Oct 81 World's first telepayment application of cards, in Velizy, France
- Jan 84 Announcement by French banks of selection of CP8 technology for electronic payment
- Feb 84 Agreement signed by Bull & Philips on use by Philips of CP8 chips manufactured by Motorola & Eurotechnique
- Mar 85 Announcement by GIE Cartes Bancaires of plan to introduce nationwide payment systems; 12m cards scheduled for use by 1990
- Jan 86 Order placed by French PTT for 7m cards for use in French pay telephones

Clones attack the soft underbelly of IBM and Apple

BY LOUISE KEHOE IN SAN FRANCISCO

US IBM-compatible personal computer makers are banding together to support new Microsoft software that significantly boosts the performance of 32-bit personal computers and could pose a major new challenge to both IBM and Apple Computer.

Microsoft's new "Windows 386", launched in the US last week, enables personal computers built around the Intel 386 microprocessor to run several application programs simultaneously.

The program is the first to "take full advantage of the new hardware," claims, Bill Gates, Microsoft's chairman.

Rather than constantly switching between different application programs, Windows 386 enables a user to perform several tasks at once, each of them displayed in a "window" on the computer screen.

A user might, for example, be writing a report while at the same time checking a remote data base for stock prices and simultaneously updating the value of his portfolio on a spread sheet program. Interrupted by a phone call, he can instantly check his diary without having to "switch off" the other programs.

The Windows 386 display looks a lot like that of an Apple Macintosh, with scroll bars, pull down menus and a "mouse" pointer. By putting these features on standard IBM compatible computers, Windows 386 will reduce the comptitive advantages of the Macintosh, say analysts. Many features of Windows 386 are identical to those that will appear in Microsoft's new personal computer operating system/2 which is scheduled for introduction early next year, Microsoft says. IBM has adopted OS/2 as the operating system of choice for its new machines

A key difference, however, is that Windows 386 can run thousands of existing standard MSDOS (Microsoft disk operating system) programs, whereas OS/2 will require new application programs to be written.

"Windows 386 means increased productivity for our users today because it allows true multitasking of current (unmodified) applications," says Mike Swavely, vice president of sales and marketing for Compaq, the largest maker of IBM-compatible personal computers. Compaq collaborated with Microsoft in the development of Windows 386 and will include the program at no charge in its Deskpro 386 system until the end of this year.

Also lending their support to the Microsoft program are Wyse Technology, Tandy, PC's Ltd, Kaypro, Zenith Data Systems, NCR, ITT, Wang and Hewlett-Packard. Together these companies represent a major force in the personal computer market.

Notably absent from the supporting cast is IBM, which says simply that its "personal computer operating system strategy is based upon DOS (the Microsoft Disk Operating System that has been an industry standard for many years), OS/2 (Microsofts soon to be released new operating system) and AIX 386 (a UNIX type operating system for the 386 microprocessor)."

While Windows 386 will run on IBM's 386-based machine as well as on anybody elses, it is clear that IBM will not be promoting the program.

IBM could be making a big mistake. OS/2, the new Microsoft operating system upon which IBM is pinning its hopes will not be available until early next year and it could be another 12 months before a base of application programs is established, industry analysts predict.

IBM's apparent lack of interest in Windows 386 will not affect the prospects of success for the new product, Microsoft claims.

Bill Gates sees Windows 386 as an interim product that will fill the gap between the current standards and the new OS/2. "Eventually, we would like to see everyone switch to OS/2," he says. But that may take "three to five years," he acknowledges.

Others in the personal computer field do not agree. Many users will be satisfied with Windows 386, analysts predict. It will require the emergence of new OS/2 applications that are significantly better than those available today to establish the new operating system as a standard, suggests Compaq's Mike Swavely.

In the meantime, Windows 386 appears set to become the vehicle for a renewed challenge to IBM and Apple. Led by Compaq, this attack could fragment the tenuous hold that the industry leaders have established over the business segment of the personal computer market.

Already, Compaq claims to hold a 70 per cent share of the market for 386-based personal computers. Yesterday the company launched a new faster version of its Deskpro 386, which it claims will outperform IBM's equivalent product.

Lovely neater meter made

WHIRRING CLOCKWORK sounds will no longer be audible from parking meters if a new design from FKI-Tully of Halifax in the UK is widely used. It was designed at Cardiff University and Burndept, another FKI group company. The installation of some 300 units is already underway in the City of London.

The meter is battery driven from a six month disposable battery pack and has an electronic coin validation system that prevents metal blanks, washers and foreign coins from buying time. With a series of sensors, the unit verifies the coin's size, weight, surface profile and metallic composition. Unsuitable coins simple pass into the coin box and will not jam the machine.

The new unit can be sloted inside the majority of mechanical meter housings and can be supplied with card-reading facilities. It normally accepts £1 and 20p pieces in the UK but can be programmed for other denominations of coin.

The time purchased in hours and minutes is clearly displayed in 22mm high characters on a liquid crystal display. There is also provision for a clock which enables the meter to be switched on in peak hours only, allowing free parking for the rest of the day.

An important advantage of the unit is that by plugging in a programmed controller, the time sold per unit of money can be varied between one and 120 minutes, to suit the operator's policy.

GEOFFREY CHARLISH

Water metering trials planned for 11 areas

BY RICHARD EVANS

THE FIRST step towards the likely introduction of water meters in all homes in England and Wales was taken yesterday with the announcement of the 11 areas where compulsory metering trials are to take place.

The trials, which will start next year and last three years, will be followed by an assessment by the Government and the industry of the advantages and drawbacks of universal metering.

The industry's present method of charging, based on domestic rates, will not be available from the early 1990s after the full introduction of the Government's proposed community charge or poll tax.

Metering is very much the preferred alternative but it would be a large task nationally and would take at least 10 years to complete. At present each meter costs about £100 to instal but that would be reduced with a higher volume of production.

The trials, funded by the Government, are designed to establish for the first time the exact effect meters would have on domestic consumption in a variety of areas and whether nationwide metering would be justified.

By far the biggest trial area will be the Isle of Wight, where all 50,000 households will be metered.

The smaller areas, each involving between 500 and 1,000 households, will be in: Chandlers Ford, Hampshire; Poole, Dorset; Bridgewater, Somerset; central Bristol; Bromsgrove, Worcestershire; Camberley, Surrey; Brookmans Park, Hertfordshire; Hutton Rudby, Cleveland; Wakefield, Yorkshire; and an unspecified one in the Thames Water area.

Work on the trials will start in 1988, measurement of consumption by meter will start in 1989 and experience with charging by metering will follow on.

The trials will be used to measure variations in demand, to try out types and locations of meters and to test a variety of tariffs and technologies in a mix of properties. They range from the drier south, where garden watering can impose considerable strains on the system in the summer, to the wetter north, where there appears to be less "optional" use of water.

Before the trials start, the areas' water consumption will be monitored automatically at district levels every 15 minutes to obtain more information on overall unmetered consumption so that the impact of metering on demand can be assessed.

Special powers for the metering trials are contained in the Public Utilities Transfers and Water Charges Bill now before Parliament.

It has attracted criticism from opposition MPs on the ground that metering might affect poorer, large families adversely, and from some Conservatives because of the element of compulsion.

Oxford lags Cambridge as centre for science

By Peter Marsh

OXFORD IS lagging behind Cambridge as a centre of science-based industry, according to a study by Ms Helen Lawton Smith, a geography researcher at Oxford University.

Although the area around Oxford has seen some growth in high-tech companies in recent years, at a rate probably above the national average, Oxford's performance in this respect does not compare with the Cambridge area, which boasts some 350 science-based companies.

The total such companies in Oxfordshire is 182, according to the study, of which 101, employing 1,804 people, have been formed since 1979. Oxford and its surrounding region have seen this growth due to factors such as attractive living conditions, the closeness to London and the scientific ideas emanating from Oxford University and other local academic centres.

According to Ms Lawton Smith, however, Oxford University has not been as keen as Cambridge University to encourage links with industry or to encourage researchers to form new companies.

Technical and Information Linkages; The Case of Advanced Technology Industry in Oxfordshire. School of Geography, Oxford University, Mansfield Road, Oxford OX1 3TB.

Virgin sets up CD plant in London store

BY DAVID THOMAS

VIRGIN, the music and leisure company, has opened what it claims is the world's first manufacturing unit within a store.

The company has installed a press to make compact discs in Megastore, its large record shop in Oxford Street, London.

It says the plant can produce 5,500 discs a day, giving it an annual capacity of about 1.5m. Discs from the plant will be sold at £8.99, £3 less than the standard price.

Mr Johnny Fewings, head of Virgin's retail operations, describing the unit as "strong retail theatre", said the idea came to Mr Richard Branson, Virgin chairman, and himself while on holiday.

"We were having a beer and we were wondering what we could do to give the Megastore something that other stores did not have."

The press is behind a glass panel in the section of the shop that sells compact discs. The plant's workers will have to wear special suits because of the clean-room conditions needed to make them.

Virgin intends to use the plant, which will contain a display explaining how compact discs are made, in innovative ways to attract customers. Signing sessions will be arranged with artists as the discs come off the press.

Mr Fewings added that the plant, which is costing about £750,000, would be profitable in its own right. Virgin will be able to divert some of its own record label's demand for compact discs to the plant, which is Virgin's first compact-disc pressing capacity.

Old farm buildings 'are key resource'

REDUNDANT farm buildings are a key national resource that can help to regenerate economic growth in rural areas, according to a College of Estate Management report.

It says such conversions can generate a return of up to 15 per cent on capital investment

The cost of creating new jobs in converted farm buildings is usually lower than on a new, purpose-built industrial estate

Austin Rover model criticised in US test

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER'S return to the US car market has received a substantial setback in the form of a highly critical review of the Sterling model it is selling there by the influential American Consumers' Union.

The union says the Sterling it bought for testing, while impressive in most of the performance tests, developed 15 faults.

"From the very outset, our Sterling betrayed a lack of quality control that would be a disgrace in a car costing one quarter as much. As the mileage built up, more and more problems arose. It was hardly the 'car without compromise' that the sumptuous sales brochure promised."

Austin Rover said yesterday it felt the union had "gone well over the top" in some of its statements. "We feel the Sterling, which had just gone on sale in the US, came out well in comparison with other European cars tested (by the union) which had been on sale for some time."

The Sterling, developed jointly by Austin Rover and Honda of Japan, went on sale in the US earlier this year at prices between $19,000 and $23,900.

Success in the US would contribute greatly to Austin Rover's financial recovery - the company incurred a net loss of £317.5m last year - but it has always acknowledged it would have to live down its reputation for poor quality cars which survives in the US from the 1970s.

In these circumstances, the union's statements, in its magazine Consumer Reports, are particularly damaging, doubly so because many potential customers consult the publication about products which are brand new and have no track record in the US.

The review states: "The Sterling 825-SL was intended to be a blend of eastern and western philosophies - an amalgam of high-tech Japanese precision and traditional British elegance.

"Unfortunately, the Sterling inherited more than burled walnut and Connelly leather from its British side. It also seems to have inherited the sloppy fit and finish for which the British car industry was once so notorious."

The union said that if its sample was at all typical, the "Sterling is likely to be troublesome.

"The mirror on the right was designed for the driver's side, correct in England but not in the US; it couldn't be adjusted properly. The driver's door fit (sic) poorly and both rear doors required repeated adjustments.

"The motor that adjusts the right rear seat burned out. A courtesy light wouldn't go out. The power sunroof mechanism quit and its sun shade rattled.

"The driver's safety-belt retractor stuck. The cruise control and the speedometer failed."

In a detailed rebuttal of the points made by the union, Austin Rover pointed out that the other cars compared with the Sterling in the report also had problems - many of which, it claimed, were more important than those found in the British car.

A Volvo 760 Turbo tested had eight defects including having to have most of its automatic climate-control system replaced; the Saab 9000 Turbo accumulated ten defects and a BMW 325i had seven faults, including an engine "which sometimes stumbled after a part-warm start", compared with the Sterling's 15 problems.

Austin Rover said, however, that since the early cars were launched in the US, the sealing mechanism, which previously needed very careful adjusting if the doors were not to fit too tightly, had been changed. So too had the sunshade on the sunroof.

Austin Rover suggested the failure of both the speedometer and cruise control had been caused by wiring coming adrift - perhaps it was not plugged in properly.

A wrong-specification door mirror had been fitted at the factory and this had been replaced under warranty.

There was no record of warranty work being completed on the sunroof mechanism or to replace a seat motor.

"We dispute that Sterlings are likely to be troublesome. The cars are good. The quality is good," said Austin Rover.

However, Mr Bob Knoll, author of the union's review, insisted: "The condition of the car was totally inexcusable. It was supposed to have been driven by test drivers on a test track before being shipped to the US. But obviously no one had ever been in the car. The driver's door did not fit the hole and the glove box door was hanging down at one side.

"The Sterling is an excellent auto, but can the bugs be ironed out in time to stop it getting a bad reputation?"

UK NEWS

ASTMS to seek more women members

By Jimmy Burns, Labour Staff

TRADE UNION efforts to recruit more women members, particularly among the growing numbers of temporary workers, are to be given renewed impetus by a national campaign launched yesterday by ASTMS, the white-collar union.

The campaign will begin with the distribution through the union's local and national offices of over 20,000 membership application forms with an accompanying leaflet: "Women in ASTMS - Into the Future..." - specifically aimed at women.

It will be followed with public meetings and special seminars to underline the advantages of trade union organisation in terms of equal opportunities, and health and safety.

ASTMS recruitment drive among female workers is being spearheaded by Ms Anne Gibson, who was appointed as the union's first National Officer for Women in February.

Ms Gibson has in recent years played an important role in helping the TUC formulate policies regarding part-time workers and in seeking more equality for women

She said yesterday that the union was trying to encourage greater involvement of its women members, who make up 20 per cent of its strength, in growth areas such as banking and insurance.

"We believe that the majority of women in employment are trapped in areas of traditional work. But in our fast moving, high-tech society women need access to the new better-paid jobs. Training is an essential requirment," Ms Gibson said.

Barclays to seek two-year pay deal

BY JIMMY BURNS, LABOUR STAFF

BARCLAYS BANK yesterday became the first UK clearing bank to signal its intention to negotiate a two-year pay deal with its employees.

Significantly, Barclays Bank announced its proposed move in a circular distributed directly to staff without first approaching trade union officials.

Barclays yesterday denied that it was taking advantage of the failure of the latest campaign of industrial action to undermine union organisation.

It stressed that the two unions operating within the bank, the Banking, Insurance and Finance Union and the Barclays Group Staff Union, would be involved in negotiating the new pay deal planned to be concluded by April 1 next year.

However, it is the latest and potentially most radical sign issued so far by the clearing banks of their determination to set out individual strategies for rewarding and retaining their staff.

This determination has intensified following the final break-up in July of the Federation of London Clearing Bank Employers and the effective collapse of joint pay bargaining in the banking industry.

"For the first time we are giving a clear sign that we do not just want to manage but that we want to be seen to be managing. We are adapting to a new industrial climate in which it is essential that management tells its staff where it wants to go rather than let other people do it for them," Barclays said yesterday.

Other clearing banks said they had no plans at present to follow Barclays in pressing for two-year pay deals. But they indicated that they would be watching very carefuly to see how pay increases are implemented.

One concern voiced by Barclays competitors was that yesterday's move could undermine their own pay negotiations and spark off a furious pay auction next year as the clearing banks push ahead with their recruitment plans.

National Westminster, which has brought foreward the date of its next pay round to January 1 next year, has already indicated that it intends to reward staff for their loyalty next year by increasing its annual bonus payment.

Bifu yestreday reacted cautiously to Barclays announcement. It warned it would vigorously oppose any attempt by the bank to impose the two-year pay deal. However, it has taken some confort in the bank's suggestions that any future pay package will include substantial benefits for staff.

The package is likely to include a restructuring to incorporate a new training grade so as to improve internal mobility and promotion prospects. The bank is also proposing to improve the holiday entitlement for staff.

BIFU yesterday announced that it was calling off its 16-week-old overtime ban at Barclays Bank, and that its attention was now "shifting to preparing for the quite different scene for pay negotiations for 1988."

The overtime ban - the longest industrial action ever organised by the union - collapsed after Bifu leaders failed to get the support of their members for stepping up their action.

In a letter to its members, Bifu leaders also explained their move was a result of the decision last month by the Barclays Group Staff Union to abandon similar action.

The problems faced by Bifu at Barclays Bank have emphasised the tactical weakness of the union's relatively low level of membership in the majority clearers compared with each bank's staff association.

Yesterday's announcement is likely to overshadow the overtime ban which Bifu is planning from today at Midland in another pay dispute.

However, the union said yestreday it was confident of being more successful at Midland, where it has more members.

Ford supervisors to seek regrading talks

BY CHARLES LEADBEATER, LABOUR STAFF

SUPERVISORS at Ford have decided to continue with negotiations over plans for far reaching changes to their role, after last month rejecting the company's proposals.

ASTMS, the white collar union which represents the 2,000 supervisors' union, said the negotiations would reopen after the company had agreed to consider the union's proposals for radical changes to the pay, grading, training and career promotion structures provided for the supervisors.

The negotiations at Ford reflect growing pressure within the car industry to transform the traditional foreman into a mini-manager on the shopfloor.

Ford's initial proposals, called "The Vision Document," were drawn up after a detailed review of the work of supervisors throughout the company's most efficient European plants. It wants to mould the supervisors' role in line with the best practice in its European plants.

The company wants supervisors to take responsibility for larger areas, combining different elements of the production process, rather than specialised parts of the production line.

The company had said that it would unilaterally introduce the changes next year, should the union refuse to negotiate on the proposals.

The supervisors are worried that the company's proposals would lead to job losses as the change would mean that a supervisor would have responsiblity for a larger group of shopfloor workers.

The union's proposals will concentrate on restructuring the pay scales for supervsiors so that they dovetail more closely with management pay scales, rather than being related to the scales of skilled manual workers.

The union will also press for improvements in training, to ensure that supervisors have the skills to use new technology. It also wants guanrantees on job security as well improvements to the company's voluntary redundancy scheme.

Councils offer housing aid to recruits

BY CHARLES LEADBEATER, LABOUR STAFF

LOCAL AUTHORITIES in the South-east have begun paying more than £20,000 in relocation allowances, including assistance with housing costs, to recruit senior staff from areas where house prices are lower, according to a report published yesterday.

It says that most authorities in the South-east have been forced to intorduce schemes to subsidise some of their employees' housing costs to ease recruitment difficulties which have been caused mainly by the region's house price inflation.

The report, published by Industrial Relations Services, says that about 40 per cent of local authorities in the region had introduced such schemes or were contemplating doing so.

Until recently only financial institutions offered employees' significant assistance with their housing costs, with most other employers limiting their assistance to relocation expenses.

The most popular form of assistance among local authorities is to subsidise mortagage repayments, based on the difference in interest payments between the mortgage on the prospective employee's property and the mortgage needed to buy a comparable property in the employers' area.

The other main form of assistance is for the authority to take an equity stake in the house which it can recoup on sale.

Brighton Borough Council, offers a subsidy worth up to £11,470 over five years, on mortgages up to £30,000. Elmbridge Borough Council and Hertfordshire Borough Council both offer subsidies over three years with £4,956 and £2,852 upper limits.

The London Borough of Enfield operates an equity share scheme based on a maximum stake of 50 per cent of £50,000 whichever is the highest. Wycombe District Council offers a scheme based on a maximum stake of £40,000 which can be bought out in 5 per cent tranches.

Industrial Relations Services', Pay and Benefits Bulletin; 18-20 Highbury Place, London N5 1QP.

APPOINTMENTS

Lord Blakenham joins Sothebys board

Lord Blakenham, chairman and chief executive of the Pearson group, the Financial Times holding company, has been elected a director of SOTHEBYS HOLDINGS INC.

*

SAATCHI & SAATCHI has appointed **Mr George Earle** as deputy group finance director. He joins from Touche Ross & Co. **Miss Kirsty Macmaster** has joined as a regional director responsible for investor relations. She was a fund manager with Allied Dunbar.

*

Mr Michael Joseph has been appointed an executive director of LLOYDS DEVELOPMENT CAPITAL. He will be responsible for the company's new Birmingham office which is due to open in November. He was an investment director with 3i in London.

*

BRITISH TELECOM has appointed **Dr Sydney O'Hara** as managing director of its enterprises division from October 1. He is director, products and services, in the UK communications division. Dr O'Hara takes over responsibility for BTE from **Mr Clive Foxell**, who continues as managing director, engineering and procurement. Dr O'Hara will bring to BTE his responsibilities for the public data network and communications facilities management. His remaining responsibilities in the communications division will be taken over by **Mr Duncan Lewis**.

*

YALE AND VALOR has elected **Mr Tony Marson**, director of finance, to the parent board.

*

Mr Denis Horton has been appointed deputy managing director of TONKA EUROPE, with responsibility for the UK operation. He will continue to head the company's marketing function.

*

Mr Brian A.Weatherlake has been appointed managing director of ATLANTIC INTERNATIONAL BANK, London. He has been general manager since August 1, 1984, and succeeds **Mr Robert C.Davis**, who is returning to Shawmut Bank, Boston.

*

Mr Clive Lattimer, formerly technical director of Mars Electronics, has been appointed managing director of EUROTHERM, major UK subsidiary of Eurotherm International.

*

Mr Derek Jewson has been appointed managing director of HOGG ROBINSON TRAVEL from October 1. He replaces **Mr Brian Perry**, who will remain chairman but is standing down as managing director to concentrate on his activities as chairman of Hogg Robinson. Other changes include **Mr Ray Byerley** as leisure director; **Mr Tony Keeler** as commercial director becomes responsible for all matters relating to business travel; and **Mr John Kent**, previously operations director, takes the new post of purchasing director, responsible for negotiations with trade principals.

UK NEWS - LABOUR AT BRIGHTON

Party leader cites challenge of wider share ownership

Kinnock urges policies for 1990s

Reports by MICHAEL CASSELL, IVOR OWEN and TOM LYNCH
Pictures by ASHLEY ASHWOOD

IN RESHAPING its policies for the next general election, Labour must be geared to the realities likely to dominate the 1990s - including wider share ownership - Mr Neil Kinnock told the Labour Party conference at Brighton yesterday.

His 54-minute speech, with its insistent theme that all sections of the party have to accept the "instruction" arising from three successive election defeats won a dutiful, rather than an enthusiastic, standing ovation.

Several prominent left-wingers, including Mr Tony Benn and Mr Eric Heffer, remained in their seats.

The Labour leader, who ruled out electoral pacts and "rainbow coalitions" as instruments for facilitating the party's participation in the next government, urged delegates to waste no more time in coming to terms with the realities of a changing economy, a changing society, and a changing electorate.

Illustrating the need for candour in facing up to these challenges, he warned that, if the Labour movement pretended that "a few million more people owning a couple of shares each will not make any difference to their perception of their economic welfare," it would be fooling itself.

In his effort to provide reassurance that the policy reappraisal - covering the "whole field" - would not lead to the jettisoning of cherished socialist principles, Mr Kinnock quoted extensively from a warning given by the late Aneurin Bevan about the danger of clinging to outdated words and slogans.

With still more telling effect, he cited the view of Mr Ron Todd, leader of the Transport and General Workers' Union, on how not to approach a docker earning £400 a week, owning his house, a new car, a microwave oven, and video recorder, as well as a small place near Marbella in Spain.

It was no use saying: "Let me take you out of your misery, brother."

Mr Kinnock insisted that Labour must not be trapped into appearing to regard affluence as a "curse" and endorsed the judgment of another less well-known Welshman that socialism would deserve to wait a very long time if it relied on misery to provide it with a majority.

Mr Kinnock, who brushed aside some isolated and ineffective heckling from constituency delegates, scoffed at those who were opposed to any review of existing policies.

He accused them of having "Do Not Disturb" notices on their minds.

Mr Kinnock maintained that, after losing three elections, any serious political party that did not undertake the most rigorous assessment and review would be betraying itself, its principles, and most of all the people who needed it to win.

While excluding no area from the reappraisal process, Mr Kinnock did not dwell on his own strong personal commitment to a non-nuclear defence policy.

He welcomed the initiatives taken by the superpowers to secure progress in withholding intermediate range nuclear missiles from Europe, and contrasted the wish of American and Russian leaders to extend the process to strategic nuclear weapons with the determination of Mrs Margaret Thatcher, the Prime Minister, to resist such a development.

Mr Kinnock confined himself to promising that Labour would work to ensure that its policies were capable of dealing with the changed conditions of the 1990s.

This would be done, he said, in a way which would "enhance the prospect of removing reliance on nuclear weapons of any description."

Mr Kinnock poured scorn on the recent speech by Mr John Moore, the Social Services Secretary, advocating a diminution in the support provided by the state in social security payments through moving people away from dependence towards opportunity.

Mr Kinnock likened this exercise to "teaching people to fly by pushing them off roofs."

Acknowledging the applause after his conference address, Neil Kinnock with his wife

Harland workers 'in Labour petition'

SHOP STEWARDS from Harland and Wolff, the Belfast shipyard, have petitioned to be allowed to join the Labour Party, a delegate claimed yesterday.

During a debate on Northern Ireland, Ms Maggie Cousins (Chingford) brandished what she claimed was a petition from a number of stewards urging Labour to end its ban on recruiting members in the province and allow them to join.

The incident enlivened a debate which lacked the passion of previous Labour conference sessions on Ulster. Delegates threw out a motion urging an end to the Hillsborough Agreement on London-Dubin co-operation and defeated on a card vote a move to set up an inquiry into job discrimination and to harden the tone of the party's aim of Irish unity by consent.

Ms Siobhan Crozier (Tottenham) said unity by consent was no longer an option because it maintained the unionist veto on change and risked alienating Irish voters in Britain.

Mr Mike Buckley (Sheffield Hillsborough) said increasing tension and violence in Northern Ireland proved that the accord had failed.

Mr Gordon Colling, for the national executive committee, said the jobs discrimination inquiry called for in the motion would be very expensive, and he was anxious not to depart from the party's policy statement on the future of the province.

Recognition for suffragette

A 102-year-old woman who was jailed for a day as a suffragette back in 1912, was given a standing ovation at the conference when she received a merit award from Mr Neil Kinnock.

Mrs Catherine Griffiths has been an active party member for 69 years and even carried out polling station duties for several hours during the June election in her constituency of Islington South and Finsbury, north London.

Even Mr Kinnock was amazed at what she had managed to pack into her life.

Peter Riddell on the continuing embarrassment caused to Labour's hierarchy by Ken Livingstone

Grabbing the headlines and dreaming of power

"AS LONG AS people like Ken Livingstone get 40,000 more votes than Bryan Gould's 344,000 and Diane Abbott received 234,000, we are never going to be able to shake off the extremist label."

This comment by a prominent Tribunite MP underlines the continuing dilemma for the Labour leadership in seeking to broaden the party's appeal.

Mr Neil Kinnock is clearly in overall charge of the party, but the election of Mr Livingstone to the national executive is a gift to the Fleet street tabloids and to Conservative Central Office. "Red Ken moves on Kinnock" (Daily Mail) and "Ken spoils Neil's Party" (Daily Express) were among the mildest of yesterday's headlines.

However little his real influence Mr Livingstone's prominence is an embarrassment to the leadership in its efforts to erase what it sees as the unpopularity of the London Labour Left - as reflected in the party's poor results in the capital last June.

If Messrs Benn and Skinner start to move into the background (though there is no sign of it yet), then there will always be Mr Livingstone around to provide a reminder of another Labour Party very different from that projected by Mr Kinnock's media advisers.

All this is particularly annoying for Mr Kinnock since this week he has succeeded in winning approval both for a far-reaching policy review and for a broadening of the franchise for the selection of parliamentary candidates (however messy that may turn out in practice), while increasing his already large majority on the national executive.

Yet all these changes are the result of the exercise of the trade union block vote. It is the unions' wielding what Mr John Edmonds of the GMB general union described on Monday as their leverage. The centre-right now dominates the sections of the executive which are determined by the votes of the unions. This produced a defeat of two hard-left candidates in the womens' section.

By contrast, the constituency section elected by local parties remains the bastion of the hard left - Benn, Richardson, Skinner and now Livingstone. Of course Mr Bryan Gould was elected - the first new member without hard-left support for a decade.

But the majority of votes were cast for critics of the leadership, indicating that there has been only a very limited reappraisal by the constituency parties. These votes show little sign of the shift of attitudes and new realism demanded yesterday by Mr Kinnock.

This leaves Mr Kinnock with the familiar problem for a Labour leader of relying on the inherently conservative trade unions to help modernise the party - with the limits that implies - and to isolate hard-left constituency activists.

Yet, for all these ambiguities, the election of the executive did take a stage further the change of generations in Labour's leadership which started with the shadow Cabinet elections in July.

There is, of course, principally Mr Gould. After his meteoric rise he is now a contender for the deputy leadership if Mr John Prescott, now consulting his friends, decides, as expected, to force a contest by challenging Mr Roy Hattersley. Mr Prescott cannot win, but Mr Gould could. However, Mr Hattersley shows no sign so far of giving up without a fight. This week he has been in robust form with a series of speeches defining his view of socialism and freedom.

While there are familiar faces at the top like Mr John Smith (economy), Dr John Cunningham (environment) and Mr Gerald Kaufman (Foreign Office), the driving force for the policy reappraisal will come as well from younger figures like Mr Jack Straw (education), Mr Gordon Brown (public spending) and Mr Robin Cook (health and social security).

On the national executive, Mr Tom Sawyer, the deputy general secretary of the National Union of Public Employees, has, as chairman of Labour's home policy committee, been the main inspiration of the review and the public consultation process.

Finally, it would be wrong to underestimate Mr Livingstone. His reputation, at least in the eyes of the tabloid press, has fluctuated between being a popular ogre (over the IRA) and a chat show folk hero (as over the abolition of the GLC).

Now, after spending a miserable few months as an isolated newcomer in the Parliamentary Labour Party, shunned by most colleagues, he has bounced back.

Ken Livingstone: Admirer of "Godfather" strategy

"Anyone who regards Mario Puzo's The Godfather as a guide to political life is unlikely ever to be far from power.

Kinnock to be elected chairman

MR NEIL KINNOCK, the Labour leader, will today be elected chairman of the party by his national executive committee.

Mr Kinnock was elected vice-chairman of the party at last year's Blackpool conference in a manoeuvre designed to prevent Mr Dennis Skinner, the left-wing MP for Bolsover and outspoken critic of the party leadership, from taking the post.

Party vice-chairmen are traditionally elected chairman in the following year. Mr Kinnock's additional post, in succession to Mr Syd Tierney, means that he will be expected to preside over next year's annual conference, although it is proposed to establish a panel of deputies to help spread his duties during the year.

Mr Skinner will still, however, be in line for the vice-chairmanship because of his party seniority. It is not yet clear whether any further moves will be taken to alter the election process to prevent him maintaining his claim on the party chairmanship.

Bell attacked over role in child sex abuse dispute

MR STUART BELL, the MP for Middlesbrough, faced criticism over his conduct in the recent child sex abuse row in Cleveland.

This was in spite of his endorsement of a motion urging extra resources to deal with child abuse, a royal commission and a review of Labour Party policy but which also contained implicit criticism of the high-profile way he raised the issue in the press and in parliament.

Mr Bell, who was hissed by delegates as he walked to the rostrum, said the circumstances under which 90 children were taken into care in Cleveland within a few weeks "were not about child abuse - whatever they were about is being examined by a judicial inquiry."

He said the resolution, passed overwhelmingly by the conference, would help ensure that the Cleveland crisis was not repeated and would make it clear that Labour was determined "to root out child sex abuse and at the same time protect the family."

Stuart Bell: hissed by delegates

Tory school plans 'will lead to less choice'

THE GOVERNMENT was intent upon creating a price-determined market for education which would mean less, rather than more choice for pupils, Mr Jack Straw, Labour's education spokesman, claimed yesterday.

Mr Straw told a fringe meeting that, under Mrs Thatcher's plans for schools to opt out of local education authority control, choice would be determined by wealth and not need. Children would become commodities and education would be planned "with all the finesse of a street market or an eastern bazaar."

He claimed that schools which opted out would, instead, opt in to what he described as, "the vice-like embrace" of a central state control, dependent almost entirely upon Whitehall for funds.

The plan to give pupils progress tests every four years would, he said, only damage their education as teachers concentrated on the higher ability children at the expense of the others.

Mr Straw also attacked the Government's approach to the establishment of a national core curriculum, which Labour also wants to see.

He said, however, that there was a world of difference between a core curriculum based upon a broad consensus and with built-in safeguards against partisan, political interference, and the central state-directed syllabus favoured by the Prime Minister.

Jack Straw: central state control

Cuts in welfare budget would 'break contract with elderly'

ANY ATTEMPT by the Government to carry out its stated intention of cutting the overall cost of welfare benefits would break its contract with old age pensioners, Mr Robin Cook, the shadow Social Services Secretary, told the conference.

Responding to the speech last week in which Mr John Moore, the Social Services Secretary, signalled his desire to cut the welfare budget, Mr Cook said half of all social security payments went to pensioners, who had paid during their working lives into the National Insurance system believing that their contributions would give them security in retirement.

Mr Cook invited delegates to imagine the reaction of Conservative MPs if their private insurance companies reneged on their right to a pension. "We will not let them get away with a breach of contract with the pensioners they would not put up with themselves."

He said Mr Moore's approach had not formed part of the Conservative general election manifesto, and he offered to meet him to discuss the best way of cutting welfare costs - by putting the unemployed back to work.

Robin Cook: 'We will not let them get away with breach of contract'

The conference inflicted the first defeat of the week on the party leadership when it overwhelmingly passed a motion demanding a shopping list of rights for pensioners - Conservative ministers are usually quick to price such lists in an effort to discredit Labour's public spending plans.

Mr Charles Turnock, for the national executive committee, pleaded with delegates not to pass the motion. The NEC had accepted another motion - which was passed overwhelmingly - calling for a thorough review of welfare policies and, Mr Turnock said: "We must avoid making early commitments that would tie our hands for the future or distort the direction of our reforms. We cannot build the welfare system out of piecemeal commitments."

In particular, he criticised a demand for heating allowances for all senior citizens, arguing that such payments would go to many who did not really need them.

However, Ms Ann Clark (Cambridgeshire North East), who moved the motion, said similar demands had been accepted at last year's conference. "It is the duty of this party to take urgent measures to protect our elderly citizens. They have paid for our welfare; it is our turn to look after theirs."

Dewar puts case for Scottish Assembly

A SCOTTISH Assembly would strengthen the United Kingdom by proving that it was able to adapt to Scottish needs, Mr Donald Dewar, the shadow Scottish Secretary, said yesterday.

He promised that the party's 50 Scottish MPs - almost a quarter of the Parliamentary Labour Party - would carry out "a visible campaign that will impact on the country as a whole," in order to put the case for Scotland.

In contrast to the serious doubts about devolution within the Labour Party which helped wreck the prospects for an Assembly in the 1979 referendum, the conference unanimously endorsed a call for a Scottish Assembly with tax-raising powers.

The motion urged the PLP to introduce the Devolution Bill it has already prepared into the Commons. It urged MPs and councils to obstruct government legislation if the bill was blocked in parliament.

Smears (of all kinds) put in the shade by Hoyle's howler

TRADITIONALLY the annual summer silly season of inconsequential news stories ends in the glorious climax of the Liberal Party Assembly.

So subdued has the Labour conference now become there is a danger it will merely evolve into a sotto-voce encore. Alternatively, and worse still, the new consensuality (to borrow a trade union term) is hauntingly reminiscent of the snoring season, due to be opened by the Tories next week.

Possibly, the disciplined calm that has enveloped Brighton this week is one of the devious new strategies now planned to woo back the electorate. No headlines, no lost votes.

But a lot of the credit must go to this year's chairman, Sydney Tierney, and his anonymous allies on the conference arrangements committee.

Mr Tierney is from the shopworkers' union which campaigns tirelessly to fight unorthodox high street shopping hours, Sunday pub opening and indeed any amusement wherever it can be found.

Yesterday, his kindly shop assistant's manners, the sort found in old-fashioned bespoke tailors, was set against the full monstrous regiment of Labour wimmin. In the past, conference Tuesday was the morning the lads could sleep in, while the lasses tackled health and welfare etc.

Nowadays, it has become a kind of obscene gynaecological lesson in which a succession of speakers usually of disguised gender launch repeated assaults on the irredeemable awfulness of men.

Smears, cervical and personal, were ubiquitous. And as a novelty one female delegate attempted to engage the Chair on the difficulties of using costly pregnancy test kits, unpacking a £5.99 one to show him.

Surely this was matter for reference back to the ways and means committee. But she was insistent that Mr Tierney face the kind of everyday reality his sisters endure. "What's more, the instructions are in English," she concluded, incredulous at the discriminatory implications.

Some fraternal efforts were made to lighten Mr Tierney's load. During a moving section of the disability debate, the poignant sight of Mr Doug Hoyle MP came to the rostrum.

The tragic case of Mr Hoyle first came to national attention at the famous Warrington by-election when he narrowly defeated the SDP's Roy Jenkins.

So vile and ungracious was his victory speech that doctors instantly diagnosed a total deficiency in personal charm - a hitherto unknown disability now widely identified throughout British politics.

Mr Hoyle's appeal for sympathy from conference was spoiled, however, by a speech lumping in wimmin "with other minorities." Few realised that what he needed was not hisses but help.

After a full morning of inadequate humour provision and the kind of prurient muckraking normally associated with the press, we were sufficiently subdued to face the full red-blooded rhetoric of a shamelessly macho leader.

Clearly, the Kinnock Thesaurus had been well-thumbed this month. His "review, assessment, analysis, learning" was full of "initiatives, programmes, taskforces, schemes" though he warned against over-commitment to certain "decorations, icons, relics, values."

Dressed a little like one of those British Airways cabin stewards, the leader insisted that "the socialist must be on guard against the old words." But he also faced up to the new realities - "We were defeated, but we were not beaten," he stated.

Oh well, that's not so bad then. For what Mr Kinnock really appeared to be trying to conjure was the vision of a Labour party safe for Mr Tierney to live in.

IVO DAWNAY

Labour faces up to its cash crisis

PHILIP BASSETT on a cost-cutting package expected to be approved by conference today

LABOUR's conference is expected to approve today plans for stringent cost reductions and organisational restructuring to try to ready the party and especially its finances for the next general election.

The financial discussions are to be held in a private session at the party's conference, principally because of a dispute with Labour's staff - including a one-day strike last week and further action at the conference itself being averted at the last minute - which the cost-cutting proposals have already prompted.

While today's closed debate may well be heated, delegates are expected to endorse the financial package, drawn up by Mr Larry Whitty, Labour's general secretary, and approved last week by the party's executive by 22 votes to seven. The package is a key part of a first long-term, four-year financial plan for the party.

Though the outline of the package, including 46 redundancies and the closure of the party's loss-making Labour Weekly newspaper is known, the full extent of the party's current financial difficulties is only spelt out in a confidential report which is expected to be approved today by the conference. A summary of the report will be provided to delegates.

The full report of a special financial inquiry panel says: "It is essential that the financial and structural problems are dealt with rapidly. The party cannot afford any financial or organisational crisis at a later stage in the parliamentary cycle."

Failure to "grasp the nettle" would bring the party into financial difficulties later at a more vulnerable political point, and would mean continuing inefficiencies. The report warns: "1988 is the year in which we must get your finances right so that no further financial crisis is encountered in the remaining three years to a general election."

Labour, which registered a deficit in 1986 of £497,000, is running more than 100 per cent over budget on its publishing and marketing operations and needs to cut its bank overdraft from a projected £1.8m-£1.9m at the end of next year to £600,000.

The paper says that its overdraft for 1987 now looks worse than was estimated in July, and may well be £1.2m by the end of this year.

Accordingly, to reverse its projected deficit for next year of £673,000, party leaders are insisting that cuts of £600,000 need to be made in the remaining budget for this year and cuts of up to £1.1m in the budget for 1987.

Meeting the overdraft target of £600,000 will require projected expenditure for 1988 to be cut from £6.3m to £5m, which would lead to a surplus then for the party of £657,000.

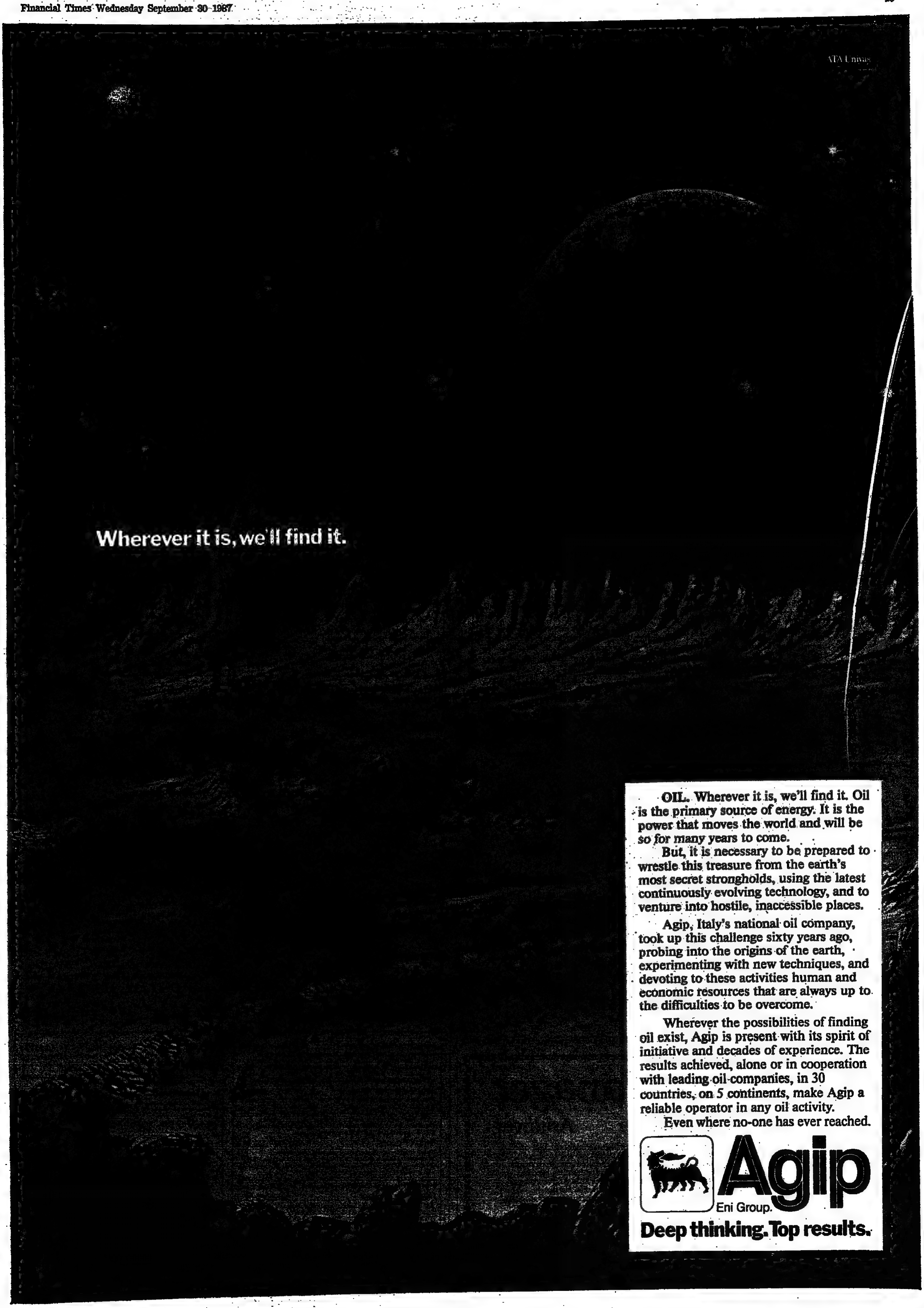
But the panel's paper points out that in these projections, no account has been taken of likely further spending, such as on a planned membership drive in 1988, greater computerisation and the large-scale policy review agreed upon by the conference earlier this week.

The paper concludes by saying that "the panel therefore sees no alternative but to proceed with redundancy proposals as outlined by the general secretary together with the closure of Labour Weekly."

If as seems likely the conference agrees to the financial package, Labour will then be able to go ahead with extensive internal reorganisation at its Walworth Road headquarters, with the aim of greatly increasing operational flexibility to emulate the kind of organisation it used in the party's highly-regarded election campaign.

The party wants to appoint a director of personnel and resources, and to implement management and operational systems which recognise that Labour's staffing requirements need to be based directly on the electoral cycle.

The paper says: "It is evident that there are long-running problems of management/staff relations and personnel difficulties within the party that must be rectified as rapidly as possible to reduce existing areas of conflict. Some of the restructuring proposals give an opportunity for major new initiatives in these fields."


Wherever it is, we'll find it.
OIL. Wherever it is, we'll find it. Oil is the primary source of energy. It is the power that moves the world and will be so for many years to come.
But, it is necessary to be prepared to wrestle this treasure from the earth's most secret strongholds, using the latest continuously evolving technology, and to venture into hostile, inaccessible places.
Agip, Italy's national oil company, took up this challenge sixty years ago, probing into the origins of the earth, experimenting with new techniques, and devoting to these activities human and economic resources that are always up to the difficulties to be overcome.
Wherever the possibilities of finding oil exist, Agip is present with its spirit of initiative and decades of experience. The results achieved, alone or in cooperation with leading oil companies, in 30 countries, on 5 continents, make Agip a reliable operator in any oil activity.
Even where no-one has ever reached.
Agip
Eni Group.
Deep thinking. Top results.

Dialogues of the deluded • Pay indicators

BY MICHAEL DIXON

FEW sounds are sweeter to ambitious ears than the courting call of an executive search consultant. *But those on the receiving end should beware of letting their egos become over-inflated.* For folk who read too much into headhunters' wooings are liable to find themselves embroiled in dialogues of the deluded.

Such stupefying exercises arise because executive searchers are much misunderstood on both sides of the employment market. And on the candidates' side, at least, the root of the problem lies in the headhunters' own propaganda which suggests that anyone they approach has already been picked out as eminently suited to the job on offer.

Accordingly the people they woo often leap to a particular conclusion. It is that the recruiting organisation on whose behalf the search consultant is operating must not only know all about their outstanding qualifications, but also be keen to employ them personally.

That in turn leads them to go along for interview by the recruiting organisation in the belief that the job is as good as theirs, and that the onus is on the would-be employers to sell it to them. So they conduct themselves as though it were accepted on both sides that they are in the buyer's position.

The trouble is that the prospective employers are apt to take quite the opposite view of the matter.

From the candidate's viewpoint, of course, being invited to consider a job by an agent of the employers is clearly not the same as deciding off one's own bat to apply for a post in response to an advertisement. But organisations which choose to use search rather than advertising often fail to see any such difference. They are blinded to it by a habitual belief that employers are always the buyers in recruitment.

When the candidates equally believe that they are in the buyer's position, the discussions on the matter in hand almost inevitably proceed like Omar Khayyam's arguments with doctors and saints. Both sides go about it and about, but evermore come out by the same doors as in they went - each usually convinced that the other is not up to scratch.

It is true that such dialogues of the deluded might well be prevented if the candidates were forewarned of the employers' likely attitude. From what I hear, however, such warnings are rarely given. Perhaps searchers fear that their most impressive quarries would lost interest on learning that they would finally have to sell themselves to the organisation just as though they had applied through an advertisement.

In the circumstances Jobs column readers, whose undoubted talents must make them highly attractive to headhunters, might do well to keep in mind a fundamental rule. It is that the only time it is safe to assume an employer wants you is when you have the offer of the job in writing in your hand.

Rank One = Most senior manager below level of director* in:	LOWER QUARTILE Basic salary £	LOWER QUARTILE Total money reward £	MEDIAN Basic salary £	MEDIAN Total money reward £	MEDIAN (Basic year earlier) £	MEDIAN (Total year earlier) £	UPPER QUARTILE Basic salary £	UPPER QUARTILE Total money reward £
General management	18,900	19,492	25,000	25,500	(24,063)	(24,515)	30,000	32,900
Legal advice	19,762	20,065	23,773	23,805	(21,883)	(22,123)	28,971	28,971
Scientific department	19,269	19,269	22,665	23,096	(21,000)	(22,000)	27,375	27,800
Company secretariat	17,718	18,082	21,245	22,400	(19,350)	(20,000)	28,090	30,125
Finance and accounting	19,032	19,500	21,750	22,355	(20,236)	(21,000)	26,056	27,480
Marketing	18,000	18,079	21,000	21,495	(19,500)	(20,000)	25,000	26,013
Computing	17,110	17,354	20,450	21,090	(18,960)	(19,671)	24,963	25,544
Administration	17,400	17,701	20,000	20,914	(19,853)	(21,329)	24,700	27,070
Personnel	17,839	18,250	19,960	20,784	(18,098)	(19,090)	22,984	23,305
Distribution and transport	17,883	18,000	19,825	20,750	(-)	(-)	23,081	23,483
Sales	16,917	17,548	19,234	20,459	(17,755)	(19,250)	23,600	24,725
Research and development	16,598	16,750	19,300	20,000	(18,000)	(18,346)	22,640	23,920
Purchasing	16,063	16,268	19,050	19,218	(18,428)	(18,717)	21,750	22,000
Engineering	16,413	16,700	18,665	18,912	(17,148)	(17,704)	22,267	22,500
Management services	15,638	15,963	17,782	18,766	(16,992)	(17,000)	24,393	24,393
Quality assurance	16,104	16,667	18,000	18,281	(15,298)	(16,440)	19,984	20,495
Production	15,098	15,500	17,758	18,077	(16,207)	(16,953)	20,200	20,831
Surveying/architecture	14,604	15,600	16,908	16,908	(16,519)	(16,519)	20,650	20,824
All Rank-One managers	16,960	-	19,284	-	(18,214)	(-)	24,073	-

* In small companies could rank as director, otherwise reporting directly to board.

The table

NOW to the table above which gives indicators of managerial pay in Britain as revealed by the latest of the twice yearly surveys made by the Reward consultancy.

My figures refer only to one rank of the many covered by the survey - managers who as a general rule are placed immediately below board-level. Anyone wishing to know more should contact Bill Couldrey at 1 Mill Street, Stone, Staffs ST15 8BA; telephone 0785 813566, fax 0785 817007.

The table provides a range of indicators for general managers and 17 types of specialist chiefs, and also for all the executives ranked one perch below director. The full survey is based on nearly 21,000 items of pay information on staff employed by more than 700 contributor-organisations in Britain, representing a wide range of activities and company size.

The left-hand pair of columns of figures show first the basic salary and then the total rewards received in cash, including bonuses and so on, of the lower quartile executive who would come a quarter way up from the foot of a ranking by pay of all doing similar work at the same rank.

The next four columns refer to the median manager halfway up the ranking. The first two give salary and total money rewards in the early autumn of this year, and the second pair the corresponding figures 12 months previously. And the last two columns give the latest survey's equivalent information in the case of the upper quartile executive who would come a quarter of the way down the ranking.

Since time has gone by since the the information was collected, all the figures should be increased by 1.8 per cent to bring them up to date as at October 1. Thereafter another 0.6 per cent should be added for each successive month. Further adjustments also need to be made for variances in company location and size.

Compared with the overall median basic salary of £19,824, the regional medians varied as follows: Higher - London by 18.5 per cent, Scotland by 8.1, and South-east England by 0.9. Lower - Eastern Counties by 4.2 per cent, the North-west by 5.9, the North-east by 6.7, the South-west by 11.5, and the West Midlands by 12.2.

Variations on the £19,824 median by turnover were: Higher - £100m-plus by 25.8 per cent, and £40m-£100m by 11.0. Lower - £15m-40m by 1.4 per cent, £5m-£15m by 9.2, and up to £5m by 10.5.

Capital Markets

Several high quality international institutions are looking for ambitious young bankers to market debt and equity products to Western Europe. Candidates need a strong academic background, a good second language and 2-3 years' exposure to capital market products.

Those interested should contact **Julia Cartwright** or **Mark Hartshorne** on **01-404 5751** or write to them at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants
A member of Addison Consultancy Group PLC

SENIOR ANALYSTS
£30,000

Our client, the City based subsidiary of a major US credit rating group, seeks professionals to augment its existing team of analysts. This prestigious role will involve detailed research into many of the top UK companies, in conjunction with client meetings at board level. A financial background is therefore essential, coupled with strong presentational skills. Since many companies have exposure to the capital markets, a knowledge of fixed-interest products would be a particular advantage.

Please contact Hilary Douglas on 01-583 0073.

FOREIGN EXCHANGE DEALERS
to £35,000 + Bens

A number of leading international banks are looking for able, young dealers with at least three years' experience. Applicants should have had a broad exposure to the major currencies in a spot or forward dealing capacity. There are also opportunities for individuals experienced in Swaps/FRA dealing to pursue a career on a money markets desk and cover other capital markets products. Substantial remuneration packages are available according to age and experience.

Please contact Julian Fox or Stuart Clifford on 01-583 0073 (01-834 1832 outside office hours).

BADENOCH & CLARK
LONDON • BIRMINGHAM • MILTON KEYNES • READING
THE FINANCIAL & LEGAL RECRUITMENT SPECIALISTS
16-18 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4.
8 LLOYDS AVENUE, LONDON EC3

CORPORATE FINANCE
City
To £40,000 + Car

Due to sustained growth, our client, an international accountancy practice, need to recruit additional high calibre staff to join their prestigious Corporate Finance Team.

Working closely with clients and City Institutions, successful applicants can expect involvement in the widest range of U.K. and international projects, including mergers, acquisitions, flotations, venture and development capital proposals and preparation of business plans.

A range of positions are available, both to recently qualified ACA's wishing to specialize and to experienced candidates with a comprehensive exposure to corporate advisory and funding matters.

For a confidential discussion, please contact Jon Varey on 01-583 0073 (or 01-874 6746 evenings and weekends).

BADENOCH & CLARK
LONDON • BIRMINGHAM • MILTON KEYNES • READING
THE FINANCIAL & LEGAL RECRUITMENT SPECIALISTS
16-18 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4.
8 LLOYDS AVENUE, LONDON EC3

Independent Pension Fund

Asset Allocation

Economic Background — London

We have been asked to help a large-scale independent Penson Fund augment its Fund Management team with the recruitment of a Portfolio Manager, whose primary skills lie in the Asset Allocation and International Economic Analysis areas. The majority of the Fund's UK and Overseas Equities are managed on a passive basis and the Fund uses primarily Asset Allocation to obtain superior performance.

Candidates should ideally possess an Economics Degree together with a second degree, some econometric exposure or an MBA. Familiarity with international markets, developments in portfolio management techniques, and the use of financial futures and options would be an advantage.

Preferred age range is 25/30 and a salary of c.£30,000 + car is envisaged.

Please reply in confidence to Keith Fisher, quoting ref. 852, at Overton Shirley and Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

Overton Shirley & Barry
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

INTERNATIONAL INVESTMENT MANAGEMENT

FIXED INCOME — GLOBAL EQUITIES

As a direct result of the expansion of our client's business over the last eighteen months, we are currently recruiting an experienced Global Equity Fund Manager and an International Fixed Income Fund Manager. This well-respected International Bank has devoted considerable resources to its Investment Management Division and is unquestionably committed to its further development. Candidates should have a minimum of five year's experience in the relevant field and will likely be aged in their early to mid thirties. Salary will be in line with current market expectations plus a comprehensive benefits package.

For further information please contact:
ROGER PARKER or LOUISE GORE
on
01-929-1212 (24 Hours)

THE ROGER PARKER ORGANISATION
BUNGE HOUSE, ST MARY AXE, LONDON EC3A 8AT

CHIEF EXECUTIVE

Remploy

Remploy is a commercial business established by Government nearly 40 years ago for the purpose of providing sheltered employment for disabled people within a competitive commercial environment. The Company now employs 11,000 people (9,000 of whom are severely disabled) in 94 factories throughout Great Britain.

The Chief Executive reports to the Board, which is appointed by the Secretary of State for Employment, and is responsible for the total management of the business as a commercial enterprise within an agreed level of Government subsidy.

This is a unique position within British industry, combining as it does commercial and social objectives. Candidates should be aged 45-55 and will have a proven track record of successful management of a multi-site, multi-product company. The ability to work with Government and with the Remploy Board in determining financial and other objectives, and then to implement these objectives with patience and sympathy, will be essential.

The salary will be negotiable from £45,000, with benefits, and the position is based in North London.

A firm of management consultants is assisting in this appointment and applications, enclosing a full CV, with the reference 8406/ND clearly marked on the top left hand side of the envelope, should be sent in the first instance to: Ivor Cohen Esq CBE, Chairman, Remploy Limited, 415 Edgware Road, Cricklewood, London, NW2 6LR, to reach him by 9 October 1987.

Hoggett Bowers plc — CITY DIVISION

Executive Search and Selection Consultants

European Equity Sales — **£40,000 - £50,000**
Leading International Securities House requires two people to expand Institutional Sales to Germany and France as part of their continuing long term strategy in the International Equity Markets. A minimum of two years experience, a demonstrable track record and a knowledge of the international stock markets are crucial.

Information Management — **£22,000**
Chartered Accountant with 1-2 years post qualification experience is sought by this major Bullion Trading Organisation. Reporting directly to Senior Management and controlling a small department, other duties will include analysing budget variances, systems development and Ad-Hoc project work. Excellent opportunity to gain experience in a dealing/trading environment.

Export Finance — **£20,000 - £25,000**
Italian speaking credit/marketing officer is required by an International Bank to join their London-based team responsible for developing Italian export finance business. Aged mid 20's he/she will have an export finance background preferably with some experience of the Italian market. This position offers an outstanding opportunity for career development within an expanding environment.

Investment Analysts — **£20,000 Plus**
Top UK Bank is looking to further strengthen its market position by appointing additional analysts to cover a number of sectors in the UK and European markets. Candidates should be graduates and have at least one years relevant experience. These positions report directly to the Head of Research and a generous salary package is assured.

Systems Accountant–Stockbroking — **c £20,000**
An established and reputable firm of City Stockbrokers are searching for a qualified Accountant with the ability to assess and improve their current systems. Acting initially as Assistant Head of Compliance it is envisaged that the successful candidate will progress to a Senior Management role within 2 years.

Account Officer — **c £20,000**
Rapidly expanding European bank, seeks an Account Officer. The position will involve obtaining new business, managing on-going relationships, co-ordinating marketing developments, liaison with Senior Management. The successful candidate should have a minimum of two years marketing experience within the UK, plus a background knowledge of Credit Analysis. Aged late 20's, early 30's. Prospects are excellent.

Private Clients Executives — **c £20,000**
Due to rapid increase in business, our client, a top City institution, is seeking experienced Private Clients advisers with a recognised Stock Exchange qualification to supplement its expanding department. Prospects for career progression are excellent for successful applicants.

Business Analyst — **£18,000 - £23,000**
The Treasury arm of one of the largest US Banks seeks a newly qualified Chartered Accountant to fill a pro-active role within their Risk Analysis Team. A working knowledge of Micro Computers would be an advantage as duties will include financial modelling and spreadsheet analysis. A superb benefits package is also offered.

01-588 4305/6 Moorgate Hall, 153/157 Moorgate, LONDON EC2M 6XB.

Investment Manager

to c£29,000 package — Andover

The TSB Trust Company – the insurance and unit trust arm of the TSB Group – is one of the major forces within the financial services sector. This success has led to the build up of large reserves both of the Company and its Life Fund, to the extent that they now exceed £150 million – and they are still growing fast.

Your job will be to manage the investment of these reserves, which are primarily in gilts, but also with significant equity and term deposit elements. We expect you will be a graduate with at least three years' experience in the management of gilt portfolios.

In return, we offer a salary package which includes sizeable monthly and annual performance related bonuses, mortgage assistance and profit sharing. In addition, you'll also receive free BUPA, a non-contributory pension scheme, flexitime and generous relocation assistance to this attractive part of Hampshire.

To apply, please telephone or write to Bill Brewer, Personnel Resourcing Manager, TSB Trust Company Limited, Charlton Place, Andover, Hampshire SP10 1RE. Telephone Andover (0264) 56789 ext 2161.

TSB
TRUST COMPANY

LEADING INVESTMENT BANK NEW ZEALAND

Associate Director — Bonds

A unique opportunity has arisen for a gilt/bond specialist to move to New Zealand to take up a highly paid management position.

This post has been created by expansion in the Treasury Division of one of the largest investment banks in New Zealand which is responding to deregulation in the banking industry. The company itself is a major subsidiary of an international financial services group.

The position will be to head up a small bond trading team which acts as both principal and broker and to develop this team to be a major force in the market. Candidates, who will ideally be aged 27-35, must have experience in bond trading with a bank or securities house. Knowledge of the New Zealand bond market is not necessary. Professionalism, commitment, the ability to trade, develop business, and motivate a team are the vital qualities.

The salary offered compares favourably with current City salaries.

Interested candidates should contact Jonathan Baines or Martin Gwinner on 01-283 9801, or write to them at Baines Gwinner, 1 Gracechurch Street, London EC3V 0DD.

CUSTOMER SERVICES DIRECTOR

Northern Home Counties c.£40,000 plus car

Our client is a group of companies in the life assurance sector of the market, with a range of associated financial services; they are expanding rapidly and will be aiming for a public listing soon. They wish to recruit a director to control the customer service division.

The director will be responsible to and be a member of the group board, controlling the administration of protection plans, savings, bonds, pensions and mortgages supported by about 100 staff in the head office. Additionally the director will control all commission payments to the large field sales force operating through 70 branches and for branch administration.

Applicants – experienced administrators, preferably graduates or with a professional qualification, should have excellent man management and organisational skills, wide knowledge of the banking, insurance or financial services sectors of the market and the personality to make a strong contribution to the strategic development of the group, playing a full part in policy formation. This is a challenging role in a group which anticipates an exciting future. The salary will be negotiable around £40,000 plus car and share options.

Please write in confidence with full career details, quoting reference 3808/03/L to John W. Hills.

KPMG Peat Marwick McLintock

Executive Selection and Search
9 Creed Lane, London EC4V 5BR

PRUDENTIAL HOLBORN

Manager for Unit Trust Broker Dealing Desk

Central London

c£25,000 basic, bonus scheme, quality car and valuable finance sector benefits

Prudential Holborn is a new corporate entity committed to becoming a dynamic force in the financial services sector. The Company markets award-winning Holborn Unit Trusts, Personal Equity Plans and innovative unit-linked life and pension products via intermediaries. The wide range of products is backed up by the investment expertise of Prudential Portfolio Managers Limited, the largest institutional investor in the UK.

As part of the Company's drive for excellence by enhancing the service to intermediaries, it is establishing a new Unit Trust broker dealing service under the control of a Dealing Manager. Based in the Company's prestigious new offices in Mayfair, the brief will encompass managing, training and motivating a team of dealers who will be responsible for pro-active Unit Trust dealing with intermediaries.

To be the successful candidate for this position you will probably be a senior dealer, or may now have moved on to a more sales-related role. Either way, you will possess strong dealing skills, Unit Trust expertise, and will be able to demonstrate a proven ability to manage a successful sales-orientated team. To have these qualities you are probably in your 30's or early 40's.

Prudential Holborn aim to provide the best service in the industry. The individual in this key role will help the Company achieve that goal.

For a strictly confidential discussion, please telephone or write to our consultant, Fiona Low, quoting reference 1067.

FLA
55/56 St. James's St., London SW1A 1LQ. Tel: 01-491 3811.

FINANCIAL · SEARCH · AND · SELECTION

Global Bank Analyst/Consultant

PARTNER (DESIGNATE)

A well established London based specialist management consulting firm, whose clients include over one hundred leading international commercial, merchant and investment banks, offers a unique opportunity for an experienced bank equity analyst to build a research capability in bank equities throughout the world. Building on an existing research base of over forty banks in Europe, North America and the Pacific Basin, the successful candidate will work with our chief executive in creating a professional research function to carry out equity research on specific banks in Europe and Asia which will form the basis for a portfolio management and deal-making capability as well as contract research.

This challenging situation will offer the successful candidate the opportunity to:

- attain a high profile as a bank equity analyst, management consultant and corporate finance deal maker.
- work in an unstructured environment with maximum chance for self development.
- become an equity partner in a growing, profitable organisation.

Age and experience level for this challenging appointment are less important than proven analytical skills in the banking sector. The successful candidate will, however, have at least several years of bank analysis background as a consultant, credit or equity analyst, or financial journalist. A high energy level and the ability to meet demanding standards with regard to travel, work load and written work are important. Language and accounting skills would be of additional benefit.

This opportunity should appeal to a high achiever who is state-of-the-art in terms of analytical, problem solving and communications skills, but who is currently blocked from breaking out into new opportunities for professional challenge and entrepreneurial reward.

Compensation will include a highly competitive salary and generous benefits, bonuses based on performance, and the opportunity to become an equity partner.

In the first instance write, enclosing a comprehensive c.v., to our advising consultant, Christopher Beale at Christopher Beale Associates, 63 Grosvenor St., London W1X 9DA.

DIBC Davis International Banking Consultants

Head of New Product Development

£ negotiable

The London branch of one of the major US banking groups, which has a substantial commitment to foreign exchange and money market services, wishes to recruit a Head of New Products.

Reporting to the Head of Global Foreign Exchange and Head of Trading and Sales, London, the successful candidate will be expected to initiate and develop new products/businesses for foreign exchange, money markets and securities. Also, continued development of margin accounts, currency funds and the introduction of options.

The successful candidate will already have gained substantial experience of foreign exchange, money markets and securities and be currently managing a successful team of dealers and salespersons. He or she will be responsible for defining objectives and strategy and their efficient implementation.

Those interested should contact John Green on 01-404 5751, or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants
A member of Addison Consultancy Group PLC

PORTFOLIO MANAGER

DM INSTITUTIONAL FIXED INCOME POSITIONS

FRANKFURT

Credit Suisse First Boston Limited and Credit Suisse are one of the world's most successful international investment banks. They currently have a vacancy for a Portfolio Manager based in their Frankfurt office.

This is a senior position within the bank and requires someone, aged 25-35, who has had several years experience as an analyst, trader or portfolio manager in the DM markets. You must be numerate and experienced in the use of advanced computer-based analytical techniques. Fluency in German is essential. Academic qualifications are desirable but not essential.

In return we offer the generous remuneration package you would expect from a successful international organisation such as ourselves, plus genuine prospects for your career progression.

Please write with career details to date to:- Helmut Kammerlocher. c/o Schweizerische Kreditanstalt (Deutschland) AG, Kaiserstraße 30, D-6000 Frankfurt am Main 1. Telephone: (010) 49 69 2691 2650.

CSFB

Property Investment Manager

c.£30,000 + car : Major Pension Fund

Our client, a major pension fund with assets exceeding £5 billion, is reorganising the management of its property interests. A manager is being appointed to this new and challenging role to report directly to the Trustees and to work closely with retained investment and management advisers. The Property Investment Manager will have three key responsibilities: to co-ordinate the external advisers' activities in the preparation of the investment plan, to implement investment policy decisions and to monitor the investment programme. Candidates for this new appointment will probably be under 40, have good property investment experience and a high level of analytical aptitude. Benefits will include a salary of around £30,000 and a car. Please write with full career details in strictest confidence to Selection Thomson Ltd., as advisers to the Fund, at 115 Mount Street, London W1Y 5HD.

Selection Thomson
London and Glasgow

Private Client Investment Manager

COMPETITIVE SALARY & BENEFITS PACKAGE NEGOTIABLE

J O Hambro Investment Management was formed in January 1987 to provide private investors with a highly personalised, discretionary portfolio management service.

In nine months funds under management have grown to over £50 million and another investment manager is now required to join the small, experienced team.

J O Hambro Investment Management is a member of the J O Hambro Group of companies which offers financial and advisory services to businesses and individuals. The Company is completely independent of any stockbroker, market maker or principal dealer.

The ideal candidate should have a minimum of three years experience in managing private client portfolios. Please apply in writing, with a detailed CV. to: **Anthony Curtis, J O Hambro Investment Management Ltd, 30 Queen Anne's Gate, London SW1H 9AL.**

All applications will be treated in the strictest confidence.

J O HAMBRO INVESTMENT MANAGEMENT

Member of IMRO

COMMODITY ACCOUNT EXECUTIVES

Gerald Commodities Limited are rapidly expanding their futures activities and wish to add experienced professionals to their team in London.

The Gerald Commodities Group is a fully integrated futures firm maintaining active full clearing memberships on all major US and UK futures exchanges. The firm has traditionally concentrated on the handling of trade and professional futures business.

We require Account Executives and Sales Staff with experience and a well-established track record to join our London office. The individuals should be well versed in product knowledge, energetic and self motivated. Series three qualifications would be considered advantageous.

Competitive remuneration packages including attractive executive benefits and incentive bonus schemes are available.

Applications should be addressed in writing enclosing a full Curriculum Vitae to:

Gerald Commodities Limited
Europe House, World Trade Centre
St Katharine by the Tower
London E19 AA

UK & US EQUITY SALES PEOPLE

Due to expansion Eastern Capital, London, seeks experienced equity salespeople who have a proven track record. We offer an attractive compensation package to the right persons. Contact:

Eastern Capital Securities Ltd
Walsingham House, 35 Seething Lane,
London EC3N 4AH
Tel: 01-488 1761 Ext. 244/242

Commercial Director
EAST ANGLIA

NEW POST — A commercial Merchanting Agricultural Trading and Retail Company, turnover £40 million, wishes to appoint a COMMERCIAL DIRECTOR.

The COMMERCIAL DIRECTOR will have two main responsibilities:—

Firstly, as COMMERCIAL DIRECTOR, responsible for the profitable expansion of the retail and service activities and for management of the 180 retail staff.

Secondly, as a MAIN BOARD DIRECTOR, contributing as a policy decision maker.

All enquiries, treated in strict confidence, to D.G. Pearce, OUTSIDE DIRECTORS LIMITED, Reepham, Norfolk, NR10 4RP. Telephone 036288 588

With retail turnover of £10.4 million through 15 Sales Centres, a wide range of goods are sold to farmers and the general public throughout the Rural Economy of East Anglia. Market mix comprises groceries, hardware, tools, crop protection and garden equipment, agricultural and garden machinery spares and service, country and safety clothing, livestock health and care products.

For this exciting and demanding NEW POST the COMMERCIAL DIRECTOR will need expertise in retailing, qualities of leadership and entrepreneurial flair. A salary of £30,000 is being offered, together with immediate entry into the Directors' Pension Scheme, executive car, BUPA, and participation in Profit Sharing Scheme.

OD

BROKERS REQUIRED

Brokers with experience in short term and medium term interest rate swaps and currency swaps required urgently by international company to work in their London office.

Reply in confidence with c.v. including full details of current position to: Box No: A0671, Financial Times.

Jonathan Wren
FINANCIAL FUTURES COMMODITIES OPTIONS

Current requirements for experienced applicants include:-

Senior FX/Options/Financial Futures Executives
Compliance Auditors/Administrators
Economists/Analysts — Options/Energies/Oils/Softs/World Markets
Financial Controller — Softs
Settlements — Senior/Supervisory
Energies/Oils Business Development
Chief Cashier

Applicants whose backgrounds match the above requirements are invited to contact Michael Hutchings or Vanessa Nokes.

LONDON BRUSSELS HONG KONG SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

Manager-Loan Administration
c. £23,000 + Car **City Bank**

Our client, a successful and expanding City Bank is seeking to strengthen and consolidate its lending administration function which embraces all aspects of corporate lending and residential/commercial mortgage lending.

The successful candidate must have at least 10 years relevant experience gained in a City Bank and is unlikely to be under 30 years of age.

Particular experience of all aspects of security requirements relating to loan documentation and proven management skills are essential.

Usual bank benefits including mortgage subsidy.

Applications, which will be treated in confidence, should include details of career to date and be addressed to J. D. Vine (Ref. FT/31), Vine Potterton Limited, 152/153 Fleet Street, London EC4A 2DH. Please state separately if there are any companies which you would not wish to approach.

VINE POTTERTON
RECRUITMENT ADVERTISING

Frankfurt

SENIOR FOREIGN EXCHANGE & MONEY MARKETS ADVISOR TO CENTRAL BANKS

The role of Senior Foreign Exchange and Money Market Advisor will be to act in an advisory capacity to the existing clientele of International Central banks and Government Institutions. The ideal candidate will be in his early thirties, have a sound professional/educational background and be fluent in German and English.

FOREIGN EXCHANGE TRADERS
$-YEN and $-£

The successful candidates for the trading positions will probably be in their mid-twenties and will develop all aspects of spot and forward trading.

They will have 3 years experience in dealing in major currencies and be fluent in German and English.

Our client, a major US bank with a global presence offers excellent opportunities to become familiar with recent developments of financial instruments in their well established operation in Frankfurt.

The successful candidates will be remunerated with salaries commensurate to their experience and performance.

Apply in the strictest confidence, quoting ref. 1609 FR, to:

Rochester Recruitment Limited
Moor House, London Wall
London EC2Y 5ET
Telephone: 01-256 5611
(FAX: 01-374 0980)

SETTLEMENTS AND SAFE CUSTODY MANAGER
Establish and develop a new department
c£40K + banking benefits

Our client is one of the world's leading international banks. We're looking for a high calibre professional to manage and develop their securities transaction processing and custodial services.

You will be required to create a new department that provides a full range of custody services including settlements, and safe custody. In addition you will provide support for Corporate Trust activity, American Depository Receipts and securities lending activities. This will entail building a highly motivated team of people and working with systems professionals to develop automated processing capabilities.

You'll have significant experience of managing transaction processing and a comprehensive knowledge of UK settlement practices and procedures. Administratively meticulous and operationally inventive, you'll be looking for the autonomy to implement your own ideas and systems. Importantly, you'll be highly communicative and have a natural ability to motivate and develop people.

Potential for advancement is excellent and a competitive salary will be offered in line with experience and background. For further details please call Peter Nielsen, Grosvenor Search International on 01-631 5135 (daytime) or 01-579 3229 (evenings or weekends) or send a full CV to him at 178-202 Great Portland Street, London W1N 6JJ.

Grosvenor International
Search & Selection, 178-202 Great Portland Street, W1N 6JJ. Tel: 01-631 5135.

Brewery & Retail Industry Analysts
Stockbroking

North West **£ Excellent**

Our client is **Charterhouse Tilney**, a leading provincial stockbroking firm, operating from Liverpool and London. The firm is a member of the **Royal Bank of Scotland Group.**

They require two Analysts, preferably with some knowledge of the brewery or retail industries, to join their highly successful research team. Important requirements are the ability to read and interpret balance sheets, to prepare and deliver results both verbally and in writing, to converse at Board level and to develop close relationships with clients.

Applicants may have an accountancy background and may currently be working for an investment institution, a stockbroking firm or be employed within one of the related industries. Career prospects within the firm are excellent.

The salary package is negotiable and will not be an obstacle to the right candidate. Relocation facilities are available and interested applicants should contact **Stephen Banks** quoting ref. 738 on 061-228 0396 at Michael Page City, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

MP
Michael Page City
International Recruitment Consultants
A member of Addison Consultancy Group PLC

Grow with Us and Earn a Directorship!

Senior Recruitment Consultant
c. £30k + Bonus + Car

Established over three years ago, we have built an enviable reputation of success in personnel consultancy and senior management recruitment across all finance and service industry sectors.

As part of our planned development and through ever-increasing demand for our retained services, we now seek to appoint an additional Consultant, notably to concentrate on City Banking and Finance assignments.

You already possess, therefore, at least two or three years' relevant experience as a Recruitment Consultant and can demonstrate a highly successful track record to-date in the completion of a wide variety of senior management appointments. However, you probably now feel the need for more personal satisfaction, higher overall recognition of your achievements and greater seniority within a smaller but highly respected and client-orientated organisation.

If you're also aged 30-40 years, of graduate calibre and can claim previous commercial/personnel management experience in financial services, the opportunity of your immediate appointment at Associate Director status is entirely feasible, with the prospects of a full directorship to follow in due course.

Benefits are totally negotiable in the region stated, so why not aim for a clearer identity of your own by calling, or preferably writing (in total confidence) to me, Richard J. Sowerby, Director, Sowerby's (Selection) Ltd., Personnel Consultants, 500 Chesham House, 150 Regent Street, London W1R 5FA. Tel: 01-439 6288.

Sowerby's Selection

GROUP TREASURER

South Yorkshire **Salary Circa £25,000 + benefits**

An engineering group which is the world leader in its field, with operations in the UK and Europe, North America, Australia and the Far East, is seeking a Group Treasurer.

Reporting to the Group Finance Director, the individual appointed will manage and develop the Treasury function to service, as efficiently as possible, the Group's UK and overseas subsidiaries' short and long term funding requirements, particularly arranging and monitoring the Group's funding requirements. These activities will require that the candidates have significant experience and contacts with banking circles at a senior level. In addition, the Group Treasurer will undertake forward planning of funding requirements, recommend and carry out foreign exchange strategy.

Successful candidates could be from the banking world, or currently be in a senior Treasury role in industry. Foreign exchange management experience in an international corporate environment is important.

In addition to the competitive salary, a car, bonus and other benefits make up an attractive employment package.

Interested candidates should send full career details to:

Box A0675,
FINANCIAL TIMES
Bracken House
10 Cannon Street,
LONDON EC4P 4BY.

to arrive not later than Friday 9th October 1987.

IBCA Corporate Ratings
Senior Business/Financial Analyst
Director Status

IBCA is recognised as Europe's foremost bank rating expert and provides credit reports to major financial and investment houses. The company is a fully integrated global rating agency with offices in London, New York and Melbourne.

Consistent with growth objectives, IBCA has expanded its coverage to include major corporations worldwide, particularly those issuing sterling or Euro commercial paper. The successful candidate, aged 28+ and preferably CA or MBA qualified, is likely to concentrate on these areas and would be expected to become an acknowledged expert in the field of corporate credit. The position involves:

* Management and preparation of high quality credit analysis reports
* Strong analytical skills
* Significant management autonomy
* Frequent travel

We offer an attractive package, commensurate with responsibility. Applications in strict confidence should be addressed to:

**Mr. D. G. Andrews,
IBCA Corporate Ratings Ltd.,
Eldon House,
2 Eldon Street,
London EC2P 2AY.**

IAS

Aircraft Trading and Leasing
Vice-President Marketing

International Aircraft Services is a fast-growing aviation services company located in Shannon, Ireland. Already successful in the aircraft trading and financial leasing fields, IAS has built up a portfolio of aircraft with some of the world's leading airlines and assets now exceed $300,000,000.

The Company now seeks to appoint a senior marketing executive to spearhead the development of its aircraft operating lease business. Reflecting its importance, the appointment will be made at Vice-President level.

Experience in the marketing of aircraft and aircraft leases is essential. The successful candidate is likely to hold a senior position in a similar organisation, and will have a demonstrable record of achievement in the generation and completion of aircraft transactions, as well as experience in dealing with the complexities of financing such transactions.

The compensation package offered is designed to attract candidates of the highest calibre.

Applications will be treated in strict confidence. Write, enclosing a full C.V., to:
The Chief Executive,
International Aircraft Services,
IAS House, Shannon, Co. Clare, Ireland.
Envelopes should be marked 'V.P. Marketing'

George Graham on the Suez group's coming Paris bourse flotation

Hard sell by a banking hybrid

TO BE nationalised once may be considered a misfortune, but twice begins to look like carelessness.

Compagnie Financiere de Suez, which had to build a whole new existence after the *nationalisation of the Suez Canal* by President Gamal Abdel Nasser in 1956, hopes with next week's *flotation to bury the* memory of its second nationalisation, at the hands of France's socialist government in 1982.

Suez, now chaired by Mr Renaud de la Geniere, *former governor* of the Bank of France, is desperately keen to return to *the private sector. This is partly* because of the long rivalry with the Paribas group, which pipped it to the post and was chosen to be the second French company privatised earlier this year, and also because,in *terms* of investor appetites, the privatisation programme in general seems to have lost momentum.

Its problem is how to market a group worth perhaps FFr24bn ($3.94bn), but with little presence in the high street and a range of activities which are mostly behind-the-scenes.

The concept of banque d'affaires

"When we conducted polls on our image, we found that about 3 per cent of the public thought we were a shady Middle Eastern group, which for a company *100 per cent owned by the* French state is rather remarkable," says Mr Patrick Ponsolle, *one of Suez' three deputy managing* directors and in charge of property and international *operations*.

Even for initiates, it often proves hard to explain the concept of the *banque d'affaires* - not an American investment bank, nor a British merchant bank, but a specifically French combination of commercial banking with a mass of capital investments.

For Suez, the cocktail comprises, in asset terms: 37 per cent banking, 18 per cent insurance, 9 per cent in property, 20 per cent long term holdings in industry, services and international trading and 16 per cent in shorter term stock market investments.

On the banking side, which also accounted for 44 per cent of total profits *last year*, the main arm of the Suez group is Banque Indosuez, headed by Mr Antoine Jeancourt-Galignani.

It has next to no consumer banking activities but a well developed corporate business. It has expanded into international securities markets through the purchase of W.I.Carr, the UK stockbroker - active in the Far East - and stakes in the Canadian broking companies Geoffrion-Leclerc and Capital Group Securities.

Banque Indosuez raised profits by 32 per cent to FFr827m ($136.5m) last year, excluding minorities, though this sort of growth will not continue in this year's less favourable banking climate.

Other banks in the Suez group include Banque Vernes, Banque La Henin, specialised in property finance, and Banque Sofinco, focussed on consumer credit. In insurance, the main holding is the Victoire group, in which Suez directly and indirectly owns 37 per cent.

On the industrial investment side, by contrast, Suez generally takes smaller stakes, falling short of control. When it does choose to be the principal financial partner in these investments, the preferred size of stake is between 10 and 20 per cent.

Mr Gerard Worms,deputy managing director of the Compagnie Financiere, and responsible for its industrial and service side, describes five criteria for investment.

The outlook for long-term profit

The first and most important is the outlook for profitability in the long term, followed by current yield - not an insignificant point for an investment company which cannot consolidate stakes of 10 or 20 per cent and therefore records profits only on the dividend or when it sells the stake.

Mr Worms says he then looks at synergies, to see whether the two groups can work together. Suez has, for instance, teamed up on a number of development projects with its largest single *industrial investment, Lyonnaise des Eaux*, France's second largest water supplier with *interests in cleaning*, energy and funeral services as well as in cable television, in which it *holds 19 per cent*.

Renaud de la Geniere:keen to return to the private sector

The fourth criterion is the *degree of influence* that Suez will have over the company, and the fourth, which Mr Worms emphasises *is not decisive*, is the benefits which may arise from the association for Suez' banking *division*.

Suez' two largest investments after Lyonnaise des Eaux score differently.

Accor, the hotel group where Suez has a 10 per cent stake, produces little dividend but greater possibilities for working together on new hotel developments.

Saint-Gobain, the recently privatised glass and packaging *group* in which Suez owns 3.9 per cent, scores well on profitability and dividends, but less well on *synergy*. In addition, it has old banking links with Suez, which prepared its merger with Pont-a-Mousson in 1969 and which used to be Saint-Gobain's biggest shareholder before both groups were nationalised.

Suez has a rather more stodgy and less aggressive image in this field than its rival Paribas, but also has fewer investments which have turned sour, as Fives-Lille did for Paribas.

Indeed, the company now claims to have no lame ducks in its portfolio, having shed its losing investment in Hure, the machine tool company, which Mr Worms says is the only investment the government forced Suez to make against its will during the period of nationalisation.

"It is true we have more of a white knight culture, but that is not the same as carte blanche. We have supported unfriendly bids, and we don't like purely defensive operations," Mr Worms says.

The most damaging effect of nationalisation, the group's managers agree, was the inability to raise new capital. Paribas' rights issue in July, barely six months after its privatisation, *was particularly galling* since Suez had been prevented by the government from issuing new *non-voting certificates of* investment for fear of overloading the stock market.

The flotation of Suez next week will include a capital in*crease, but Mr Edouard Balladur*, the finance minister, is allowing far less than the *company would have liked*. Some will come through the transfer of shares the state still *holds directly in Suez subsid*iaries like Banque Parisienne de Credit, and the fresh cash is *unlikely to amount to more than* FFr2bn.

Looking for a friendly 'core'

More satisfactory for Suez has been Mr Balladur's decision on its "hard core" of long-term, friendly investors, which will control about 30 per cent of the capital - more than in earlier privatisations.

The composition of this hard core has had to be revised to avoid fuelling the criticisms Mr *Balladur has suffered in recent* weeks from the opposition socialist party, which has accused him of feathering the nests of his political allies.

Nevertheless, Suez has allies of its own which it will want to see represented in the hard core, such as the insurance group Compagnie du Midi, Cerus, the French holding company of Mr Carlo de Benedetti, or Marceau, the newly created investment fund of Mr Georges Pebereau, former chairman of Compagnie Generale d'Electricite, the big industrial group.

These allies include many foreign institutions, who in total *are expected* to take up a third of the hard core.

Corporate Finance

British Merchant Bank South East Asia

An exceptional opportunity to spend two to three years on secondment in Asia before returning to the London office of one of the most famous British Merchant Banks.

OUR CLIENT
- A highly respected British Merchant Bank with major interests in Asia.

THE POSITION
- Based in South East Asia as the senior representative of the parent company.
- Key responsibility for marketing and executing corporate finance deals.
- Operating at a very senior level with governments and major industrialists.

QUALIFICATIONS
- Impressive personal stature and the ability to operate independently.
- Ability to work at a senior level and with people of different cultures.
- Experience of corporate finance, ideally gained in a Merchant Bank, or possibly with a professional firm.
- Age 27-35.

COMPENSATION
- Good base salary plus profit share with housing, car, driver, staff and other expatriate benefits.

Please write quoting Reference F3801 to:
37 Dover Street, London W1X 3RB

N·B SELECTION LTD

Manager–Banking Administration Systems

N M Rothschild & Sons Limited, a leading merchant Bank, is to make a senior appointment to assist with the development of computer systems to handle existing and new banking business and be involved in the full range of banking administration services.

The post requires experience in specifying and testing systems for lending and dealing business. A sound knowledge of lending and foreign exchange systems is essential as is an appreciation of the need for management information.

The person appointed will be familiar with banking accounting requirements and be able to analyse new financial activities to ensure that appropriate systems are specified. Energy and creativity are called for and success will ensure excellent career prospects.

Remuneration and benefits will be generous and will include profit-sharing and other significant banking benefits.

Applicants should send a full curriculum vitae to:
Andrew S May, Assistant Director — Personnel
N M Rothschild & Sons Limited
New Court, St Swithin's Lane, LONDON EC4P 4DU.

N M Rothschild & Sons Limited

ENERGY FUTURES

Gerald Commodities Limited are rapidly expanding their brokerage activities in the Energy field worldwide, and wish to add individuals with a proven track record or experience in this sector of the Futures Industry to assist in the expansion of their European activities.

Located in London, the successful candidates will join an agggressive global sales team fully supported by the provision of a fully integrated, capable and dedicated management team.

An attractive compensation package to include attractive benefits and incentive bonus scheme is available.

Applications should be addressed in writing enclosing a full Curriculum Vitae to:

Gerald Commodities Limited
Europe House, World Trade Centre
St Katharine by the Tower
London E1 9AA

SWISS ESTATE promoter seeks an experienced and dynamic broker to represent his apartments and his chalets on the English market. Please send your offer to cipher 22-163'083, Publicitas, 1002 Lausanne.

FINANCE • INVESTMENT • PENSIONS • BENEFITS • ACTUARIES
INSURANCE • TRUSTEES • OPERATING DIVISIONS • PROFITS

Benefits Services Manager

c £25/30K + Car London Region

Already established as one of the most innovative thinkers in its approach to Pensions Management and Benefits, our Client, a major International Corporation, requires a head of UK Benefits Services. Working with the Corporation's major Operating Divisions and managing the relationships with Actuaries, Investment Managers, Trustees and the Corporation's Senior Executives this role will be both demanding and exciting.

Reporting to the General Manager of the Corporation's Benefits Services Division the role requires financial awareness, managerial confidence, a high level of numeracy and a commercial approach. The ability to manage a heavy workload and the capacity to challenge conventional thinking are important.

With a background which could be in the Finance, Treasury, Pensions, Compensation and Benefits or Insurance fields the successful candidate could expect opportunities to develop further in the UK or overseas. High levels of professionalism, achievement, interpersonal skills and energy are more important than age and qualifications.

Candidates who wish to discuss, in strict confidence, the role in more detail should phone Gerry Flanagan on Nottingham (0602) 505923 or send him brief career details at GTF Consulting Group Ltd., Gothic House, Barker Gate, Nottingham NG1 1JU. Ref. GTF/Q09/87. Interviews will be held in London.

GTF Consulting Group Ltd.
Personnel Management Consultants

Develop Product Involvement

Analyse and Design

Since its establishment in 1973 the merchant banking subsidiary of a major international bank has developed *a significant presence within the global* capital markets. It now seeks to expand further its product involvement, and to this end they wish to *appoint a talented professional to join their newly* created Business Planning unit.

Working closely with the Deputy Managing Director you will be responsible for identifying and *investigating potential* new areas of involvement for the bank, for in depth analysis of client companies' needs and for conducting pilot studies to test the *viability of these proposals.*

With an enquiring and creative mind, a flair for mathematics and ideally a working knowledge of one *or more European languages*, you are aged 25-35 and have a good understanding of a variety of investment banking products. In this challenging and *rewarding role you will have the opportunity and* scope to help shape the future direction of the bank.

Remuneration is competitive and includes the usual banking benefits. To apply please write, or telephone, in confidence to Caroline Humphreys of Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Tel: 01-404 5701.

Cripps, Sears

Fund Managers and Sector Analysts

City

Our client, a leading international investment house is currently seeking to expand its London based operation and is thus seeking a range of high calibre fund managers and investment analysts.

The individuals sought will be graduates with not less than two years' portfolio management/research experience gained with a well respected team.

Preference will be given to candidates who can demonstrate a successful performance record and have proven marketing skills. Similarly, a premium is currently being placed upon those with strong quantitative skills.

Highly attractive remuneration packages will be offered in accordance with ability and experience.

To arrange an informal discussion in the strictest confidence, please telephone or write to Robert Winter quoting reference RW5065.

Lloyd Chapman Associates
International Search and Selection
160 New Bond Street, London W1Y 0HR
Telephone 01-499 7761

CJA

RECRUITMENT CONSULTANTS GROUP
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

Prospects to become Head of Research or to embark on Fund Management career in 1-2 years.

SENIOR INVESTMENT ANALYST – SPANISH EQUITIES

CJA
MADRID

Ptas 5-6 MILLION (£25,000-£30,000) + BONUS

INVESTMENT AND MERCHANT BANKING ARM OF LEADING SPANISH BANKING GROUP

Increasing activity and growth in Spanish stock markets result in the need to strengthen an already prominent research team. Applications are invited from graduates in Economics or a related discipline, ideally bi-lingual Spanish/English or at least proficient in these languages and aged 25-28. Formal training with a leading securities house or similar and a proven record of 2-3 years in equities research are essential. Experience of P.C. with Lotus 123 is highly desirable. We require the ability to undertake original and imaginative stocks and market sector analysis and reporting, together with the capacity to examine and comment on wider economic and investment issues. Reporting to the Head of Research, the successful candidate will be responsible for the provision of specialist advice on Spanish stocks for clients and in support of Fund Management and other Investment fields. Key to the success of this appointment are well developed analytical and presentation skills and the will to contribute fully to the activities of a busy and professional research group. Initial salary negotiable Ptas 5-6 Million plus bonus, mortgage facility, life assurance, free medical insurance and relocation expenses. Applications in strict confidence under reference SIAS 4547/FT, to the Managing Director: CJA

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LTD., 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ
TELEPHONE: 01-588 3588 OR 01-588 3576. TELEX: 887374. FAX: 01-256 8501

Appointments Wanted

ADVANCED TECHNOLOGY

Swiss engineer (ETH), with extensive experience in marketing, and sales as well as first-class contacts in financial and legal circles, offers his services to a non-European industrial enterprise wanting to set foot in Europe.

Write Box A0677, Financial Times,
10 Cannon Street, London, EC4P 4BY

SENIOR BANKING CONSULTANT

Banking Decision Systems, a division of Data Architects Systems Ltd, is a recognised leader in providing Risk Management services to the banking industry worldwide. We are expanding our London office and are looking for a Senior Banking Consultant.

The primary requirements are for an individual who has experience in financial consulting with a bank, consulting firm, or financial services firm.

The ability to interface with senior management of financial institutions is critical, as are strong analytical skills to support the development and implementation of an interest rate risk management system.

A degree is required, and an MBA would be a plus. As you will be working in both pre- and post-sales situations, experience in sales or marketing would be a benefit.

We offer an attractive compensation package, including bonus, which will be commensurate with your experience.

Please apply in writing with full C.V. to:
Mrs Christine Luscombe, Banking Decision Systems, Quadrant House, 80-82 Regent Street, London, W1R 6QX.

BDS *A Division of Data Architects Systems Ltd*

OPPORTUNITIES 1987/1988

FUND MANAGEMENT	EQUITIES ANALYSIS
BUSINESS DEVELOPMENT	SPECIALIST FINANCING
CREDIT ANALYSIS	MARKETING SUPPORT

If you are considering your next career move and would like to consider the options, please contact Susan Milford - Manager, Financial Appointments for an informal discussion.

Telephone 01 256 5041 (out of hours (0483) 37480)

Management Personnel
Recruitment Selection & Search
10 Finsbury Square, LONDON EC2A 1AD.

LEGAL OFFICER ASSET TRADING

ANZ Merchant Bank is seeking a Legal Officer to support its expanding global asset trading operations in London, New York, Hong Kong and Melbourne.

The responsibilities will include the preparation and review of documentation, the co-ordination and completion of transactions and the creation of supporting procedures.

The successful candidate will be expected to have the commitment and capability to contribute to all aspects of the operation, including the structuring of transactions. He/she is likely to be either a solicitor, with at least two years of banking experience, or a legally qualified and experienced person already working in the banking sector.

Based in London, this is an excellent opportunity for those seeking to develop their careers in a merchant banking environment and the remuneration package will be competitive.

Applicants should apply in writing and in confidence, enclosing a full c.v., to:
Miss Penelope Nickalls,
Personnel Department,
ANZ Merchant Bank Limited,
65 Holborn Viaduct,
London EC1A 2EU
Telephone 01-489 0021.

Capital Markets
Banking Services
Specialist Business Services
Corporate Finance
New Issues
Institutional Equities
International Asset Management

ANZ MERCHANT BANK LIMITED

65 Holborn Viaduct, London EC1A 2EU. Tel: 01-489 0021
TOKYO · HONG KONG · NEW YORK
and
through Group representation in 47 countries
Member of the ANZ Group

FUND MANAGER

UK EQUITIES

c£35,000

Our client, an in-house fund management group with c£1.3 billion invested internationally, now seeks an additional fund manager to assume responsibility for the day to day discretionary management of the groups' UK equity holdings.

Working with a small team this senior position will involve supervising and training investment analysts together with contributing to the groups' overall investment policy.

It is envisaged that this will appeal to a mature individual with sound knowledge of the UK equity market and good fund management experience.

For a confidential discussion please contact Philippa Foy at 20 Cousin Lane, London, EC4R 3TE. Telephone 01-236-7307.

STEPHENS ASSOCIATES
SEARCH & SELECTION SPECIALISTS IN SECURITIES & INVESTMENTS

Large Multinational Bank

MARKETING OFFICER

Private Banking — Monaco

We are looking for an experienced private banker to develop his/her clientele and to manage our existing accounts as part of our internationally established team. Candidates should have at least five years of experience of marketing financial products and should be familiar with international capital markets.

Perfect command of the English language is necessary. Knowledge of French would be useful but is not essential. The ideal candidate would be between 35 and 50 years old.

We offer a fully competitive salary for this very challenging position in a dynamic and fast-growing corporation.

Please forward your CV in confidence to:
Box A0670, Financial Times
10 Cannon Street, London EC4P 4BY

THE CROWN ESTATE

DEPUTY CHIEF EXECUTIVE

Principal Property Adviser to the Commissioners of the Crown Estate

CENTRAL LONDON — **up to £43,000 (negotiable)**

The Estate: The Crown Estate is an unique and historic national asset. • Its London and Urban Estate, value c.£1b, comprises prime property such as • most of Regent Street, Regent's Park and Pall Mall • A growing secondary portfolio of offices, retail and industrial developments, throughout the UK.

Corporate Plan: The Commissioners are committed to strengthen the top management team at the Crown Estate office by appointing a Deputy Chief Executive whose objective will be • To manage and develop the London and Urban Estate • To advise on the professional and development aspects of the Commissioners' other Estates — Agriculture and Foreshore • To maximise capital values and revenues.

The Role: To lead an active Professional Headquarter's team in the management and development of the London and Urban Estate • To identify trends in the property market and new development opportunities to be created within the Estate • To give the Commissioners a presence at the highest level, amongst companies, institutions and professional firms active within the UK property market.

The Ideal Candidate: You will have • A professional Surveying qualification • Wide-ranging experience gained as a Senior Executive within the London property market • A proven track-record of successfully creating and managing a substantial existing portfolio and property development programme. It is likely you will be in your mid-30s to early 50s and will be able to optimise the commercial demands of the Appointment, with a close association with the Sovereign.

Your Contract: A competitive package comprising pension, relocation compensation and negotiable term contract. The appointment equates to a Civil Service Grade 3 representing an Under Secretary.

To learn more: Please telephone or write, *in complete confidence*, to the Appointed Adviser to the Commissioners of The Crown Estate, Mr John G. W. Gelling MA, MBA (Director), *on: 01 388 2051 (10 lines).* Merton Associates (Consultants) Limited, Merton House, 70 Grafton Way, London W1P 5LE.

CHIEF EXECUTIVE

Jeremy Isaacs is leaving Channel 4 in the spring of 1988 to join the Royal Opera House. Accordingly, the Board invites applications for the post of CHIEF EXECUTIVE.

Suitably-qualified applicants should write to Sir Richard Attenborough, Chairman, Channel 4 Television, 60 Charlotte Street, London W1P 2AX enclosing a full curriculum vitae. Envelopes should be clearly marked CEx1. The closing date for applications is 26 October 1987.

Channel 4 is an equal opportunities employer.

CHANNEL FOUR TELEVISION

Money and Securities Broking

Butlers, leading international money brokers, is continuing to expand its options activities in the money and securities markets and is looking for

Options Brokers

Successful applicants will have outgoing personalities, be self-assured and enthusiastic, are likely to be less than 30 years old and have previous options broking experience.

The positions offer excellent career prospects and attractive salaries.

Butlers
Where markets meet

Please write enclosing CV to
Susan Pearce, Butler Till Limited, Adelaide House,
London Bridge, London EC4R 9HN

APPOINTMENTS ADVERTISING

£43 per single column centimetre
Premium positions will be charged £52 per single column centimetre
For further information call
01-248 8000
Tessa Taylor ext 3351
Deirdre Venables ext 4177
Paul Maraviglia ext 4676
Elizabeth Rowan ext 3456

INTERNATIONAL INVESTMENT ANALYST

A SWISS COMPANY is looking to recruit an individual to join a small but expanding London-based team working exclusively on advice to a key client, an internationally diversified financial holding company. The advisory team is responsible for seeking and identifying opportunities, assessing and recommending investments and providing monitoring services on behalf of the client. There is an opening for an individual to undertake a substantial amount of varied analysis and research on individual companies and on business, industrial and economic sectors worldwide.

THE SUCCESSFUL CANDIDATE will probably be a university graduate or a qualified accountant. He/she will have at least 2 to 4 years experience in professional accountancy, the research department of a stockbroking firm or merchant bank, or in consultancy.

LANGUAGE SKILLS will be an advantage.

AN ATTRACTIVE remuneration package, including non-contributory pension and medical insurance, is available.

APPLY in confidence to: Box A0681, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.

Passive Investment Management

Bankers Trust is one of the most progressive and successful international merchant banks. We are also a leading quantitative house. Our UK Technical Investment Services Department is expanding rapidly and we are looking for high-level professionals to play a major part in developing blended products of active and passive.

Investment Manager

You will assist in developing the existing product range and UK/European part of our otherwise highly developed investment house. You must be highly quantitative, and be able to demonstrate this academically, and already well experienced in passive investment management. You should also have experience in index matching in the UK and internationally.

You'll be given your own fund and client responsibility. And there will be a substantial amount of client contact with UK pension funds and multinationals outside the US. You will therefore be required to travel.

Investment Analyst

You will work with the Investment Manager and be responsible for the management of passive funds including index fund and portfolio insurance. Using quantitative techniques and computer programmes you'll decide on the buying and selling of stocks and shares. You must be able to evaluate available software and risk models, prepare programme trades and negotiate with brokers.

You will be highly quantitative, already experienced in passive investment management and looking for greater fund responsibility.

If you want broader experience of the UK and international markets matching both published indexes and customised indexes we have the environment for you.

The remuneration and benefits package will be attractive and will fully reflect your qualifications and experience. For further information please write enclosing a brief C.V. to Donna Marcus, Bankers Trust, Dashwood House, 69 Old Broad Street, London EC2P 2EE. Tel: 01-726 4141.

Bankers Trust Company
Merchant banking, worldwide.

CURRENCY/INTEREST RATE SWAPS TRADER

Our client, a major international bank established in the City, is seeking to recruit an experienced swaps trader. Ideally candidates will be a graduate with two to three years experience in interest rate and/or currency swaps within an organisation recognised for its activity in this market. Salary and package will be totally negotiable.

FINANCIAL FUTURES

Our client, a highly respectable British merchant bank, seek an experienced financial futures dealer to trade from their futures desk. Candidates, ideally aged in their early to late twenties, should have a strong background in the financial futures area. Particular experience is required in the interest rate $, sterling and treasury bond contacts. Salary will be commensurate with experience.

CURRENCY OPTION — SALES

This major bank is seeking to expand its currency options team. Candidates ideally should have had a background in the foreign exchange market, with at least two to three years experience in the foreign currency options sales area.

**Please contact Jasmine Walker on
01-929 1212 (24 Hours)**

THE ROGER PARKER ORGANISATION
BUNGE HOUSE, ST MARY AXE, LONDON EC3A 8AT

TRADE FINANCE in LONDON

an outstanding opportunity for an ambitious
LENDING OFFICER/BUSINESS DEVELOPER

We are the London based branch of Fidelity Bank NA. The branch's Trade Finance Division is responsible for developing out of London all of its European activity in the area of trade finance.

In line with continuing growth throughout the Trade Finance area, we now seek a highly motivated and successful individual with proven business development experience gained in the Trade Finance sector. Primary emphasis will be placed in developing relationships with UK and Continental-based trading companies. The position would ideally suit a graduate banker with an existing portfolio of trading companies.

Excellent credit skills are essential; other attributes required are a strong knowledge of documentary credits and the structuring of trade finance transactions.

The position offers considerable scope for personal achievement with our progressive and highly respected organisation. The remuneration offered will reflect these factors.

Please forward your C.V. including compensation requirements to:
FIDELITY BANK NA
1 Bishopsgate London EC2N 3AB
***Attention:* Personnel Department Ms. G. Edwards**

PORTMAN

BANKING CAREERS

FINANCIAL ANALYST — **C£22,000**
This leading International bank is now seeking an experienced banker with solid accounting experience. You will be fully conversant with Management Reporting, preparation of Forecasts and Budgets and have the ability to formulate systems and procedures.

CREDIT ANALYST — **£18,000**
This prestigious Merchant bank is offering a career opportunity to a graduate with two years analysis experience from an International or Merchant bank. As well as analysing a wide range of Corporates, the position offers a dynamic, determined credit analyst the opportunity to train into marketing.

For further details of these vacancies please call us now on 01-236 1113. Or write to 13-14 Great Saint Thomas Apostle, London EC4V 2BB.

Portman put care into careers
01-236 1113
Portman Recruitment Services Limited

INTERNATIONAL EQUITY SALES · EUROBONDS · TRADED OPTIONS · INVESTMENT RESEARCH · EQUITY DEALERS · QUANTITATIVE PORTFOLIO ANALYSIS · FX · FUND MANAGEMENT · CORPORATE FINANCE

INTERNATIONAL EQUITY SALES

The firm is one of the most prestigious and aggressive of the UK Merchants with a name commanding international respect. They are currently looking to recruit further sales staff for their international division, and have a keen interest in talking to personnel who hold a good honours degree, are fluent in a major European language and possess a successful track record in a similar role with a major market name.

JAPANESE CONVERTIBLES – SALES & TRADING

As one of Japan's pre-eminent securities companies, our client is recognised as a leading trader and investment banker in the world's capital markets. As part of their continued expansion in the European market they wish to appoint experienced and capable individuals with a developed knowledge of the derivative markets.

If you would rather be a market force than be dictated by it, we would be happy to hear from you. Salary and package are naturally very competitive.

Please apply in confidence to: **JONATHAN HEAD** on 01-430 1551/2653 or write Executive Selection Division, 9 Brownlow Street, Holborn, London WC1V 6JD.

DSA
DULCIE SIMPSON APPOINTMENTS · DULCIE SIMPSON APPOINTMENTS

Foreign Exchange Sales Professional

We are seeking to recruit a Foreign Exchange Sales Professional to join our dynamic, highly successful sales team in the City.

The person we're looking for will have the imagination and commercial acumen to provide top-calibre creative solutions to match the needs of our wide and diverse client base.

You'll have around 3 years' impressive experience in the field - ideally in addition to an MBA or equivalent qualification - and some good market contacts. (It's possible, however, that we might consider a candidate with an outstanding business record who did not have the academic qualifications.)

A thorough knowledge of Spot, Forward and the OTC Currency Options market is essential, and some experience of technical analysis would be an advantage.

Naturally, the remuneration package will be highly competitive.

Please reply in confidence, with full career details, to Barbara Jenkins, Recruitment Manager, Merrill Lynch Europe Ltd., 27 Finsbury Square, London EC2A 1AQ.

Merrill Lynch
A breed apart.

EXECUTIVE JOBS

YOU EARN OVER £25,000 P.A. AND ARE SEEKING A NEW TOP EXECUTIVE APPOINTMENT

Connaught's team of professionals, all of whom have had experience at managing director level, can help you.

Connaught's successful Executive Action Plan helps you find appointments quickly and discreetly, particularly in the area of unadvertised vacancies.

Contact us for an exploratory meeting without obligation.

If you are currently overseas, ask for our Executive Expat Service.

32, Savile Row, London W1X 1AG. Tel: 01-734 3879.

Connaught

Currency Swaps Manager

Interest Rate Caps Manager

We are seeking experienced traders to fill these highly visible positions within our Capital Markets group. Based in the bank's new trading floor in Westminster, you will report directly to the Director of Capital Markets.

Successful candidates will be highly motivated individuals who can structure products to meet the demands of our corporate base. You will work very closely with our other Capital Markets groups in Boston and Tokyo, as well as with our Treasury offices throughout Europe and the Pacific.

Naturally you can look forward to a very attractive remuneration package - one which will fully reflect the demands of these appointments.

Please write with full cv to John Watkinson, Vice President - Personnel, Bank of Boston, 5 Cheapside, London EC2P 2DE.

1784

BANK OF BOSTON

Corporate Lawyer

£ Outstanding

An exciting and challenging opportunity has arisen for a high calibre solicitor to join the expanding legal department of this leading US securities house.

Our client has earned an outstanding reputation for corporate finance, securities, commodity trading and capital markets. As senior legal counsel reporting directly to the Legal Director, you will be involved in a broad range of financial and commercial matters. Specific areas of responsibility will include transactional and regulatory work with active involvement in new product development.

Their requirement is for a self confident and assertive lawyer with the business acumen and commercial awareness to meet the challenge of this demanding role. Applicants should have a minimum of 4 years' experience, preferably gained with a leading City firm or major financial institution.

The excellent benefits package will reflect the seniority and responsibility of the position.

For further information please contact Steven Grubb on 01-831 2000 or write to him at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

Strictest confidentiality assured.

MP

Michael Page Partnership

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

---

GERMAN MARKET ANALYST

We are a leading international Securities House with a well established presence in the London market. As part of our expansion of European Research coverage we intend to appoint an analyst specialising in the German equity market.

In this position the analyst will work closely with both our international strategy team and our industry analysts. The analyst's responsibilities will be market input and company coverage.

The successful candidate for this position will possess the following characteristics:

- Fluent German, indeed he may be a German national.
- A sound understanding of the German financial system.
- Background in financial analysis.

This will be a high profile position with our client base around the world, and is an opportunity to help develop an important area of our international objectives. The ability to communicate well and work in a team environment are essential.

Please send CV in confidence to: Box A0682, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.

APPOINTMENTS ADVERTISING

£43 per single column centimetre

Premium positions will be charged £52 per single column centimetre

For further details call:

01-248 8000

Tessa Taylor
ext 3351

Deirdre Venables
ext 4177

Paul Maraviglia
ext 4676

Elizabeth Rowan
ext 3456

BUSINESS DEVELOPMENT MANAGER

Competitive package, including car & profit share

Direct Technology is a rapidly expanding British software company which specializes in helping large corporations to integrate PCs and mainframes. We have over 500 corporate clients, from Hong Kong to Helsinki. In the past 12 months alone our products have won three of the UK's top software awards.

We are looking for a Business Development Manager to set up and run a new value added sales group. The group will specify, develop and market major custom applications, particularly for the financial services sector.

The ideal candidate is 28-33, with a sales and marketing background. He or she is a graduate with proven creativity at product marketing. Computer literacy and familiarity with Big Bang technology are both essential. Recent experience as an account, product or regional manager with a major computer company or software house is desirable.

Applicants should be prepared to work in both London and New York.

This is a key appointment with excellent prospects, and a chance to join a young, entrepreneurial management team. The attractive salary package includes a quality car and profit share.

Please telephone Nigel Young on 01-847 1666, or write with full CV to Direct Technology Limited, Grove House, 551 London Road, Isleworth, Middlesex TW7 4DS.

LONDON AND NEW YORK

BANK OF WALES

A member of the Bank of Scotland Group

As a result of continuing expansion the bank has additional vacancies in South Wales for

APPOINTED OFFICERS

The bank is seeking to recruit a number of staff, ages 24-28, who have personal and commercial lending experience – ideally in a banking environment. These posts will only be offered to people who are intent on developing a career by hard work and using their enterprise to take advantage of the opportunities arising in a banking environment where expansion is taking place.

A competitive remuneration package will be available for the right applicants.

Please write giving full details of career and interests to Mr P. W. James, Assistant General Manager at the address below.

BANK OF WALES
BANC CYMRU

Head Office, Bank of Wales PLC, 114/116, St. Mary Street, Cardiff, CF1 1XJ

A GROUP FINANCIAL CONTROLLER

is required for an emerging Financial Services Company based in the West End of London

The ideal candidate, aged 30-45, will have a background in Securities, Commodities/Futures and UK Property Investment. This will be a senior position in a newly formed and substantially capitalised group of companies. Duties will include the implementation and control of internal accounting systems where familiarity with computerised systems is essential. An attractive remuneration package to include participation in a share option scheme will be offered.

Interested persons should send a detailed cv, to include salary history, to:
Box A0668, Financial Times
10 Cannon Street, London EC4P 4BY

Investment Management Trainee.

¶ Foreign & Colonial Management is one of the oldest and best established investment groups in the City of London with over £2,000 million under management. The Group manages the portfolios of investment trusts, unit trusts, pension funds, charities and private clients.

¶ Aged in the early twenties, the ideal candidate will possess a good university degree or professional qualification and preferably will have gained some experience with a financial institution.

¶ Training will involve work on all aspects of investment management and will lead to a place in a growing investment team. The potential rewards are extremely good.

¶ Candidates should write enclosing a full curriculum vitae including their present salary to: Trina Yates, Foreign & Colonial Management Limited, 1 Laurence Pountney Hill, London EC4.

Foreign & Colonial

UK CORPORATE LENDING

Traditional banking products with an entrepreneurial flavour

Our client is a European Bank which, by dint of hard work and professionalism, has enjoyed a period of impressive growth within the UK corporate lending sector. To cope with continued expansion, the Banking Services team is looking for an additional experienced lending officer of managerial level. Ideal candidates, probably in their late twenties, will have real nuts and bolts experience in constructing deals, in-depth knowledge of loans documentation and security aspects, as well as proven credit analysis skills. We have no real prejudices as to educational background but an AIB qualification would be of particular interest. In the future there will be marketing needs, so presentation and personality are important, but the immediate attraction of this role is the opportunity to work within a team unrestricted by lengthy lines of communication. Career advancement, financial package and a genuine team spirit combine to ensure positive reaction from top quality candidates.

To talk about this opportunity or to arrange an exploratory meeting at our City offices, please ring Malcolm Lawson on 01-493 5788 during the working day or 0444-73216 in the evening. Alternatively, send us your full career details quoting reference LC 7215.

LINK 13/14 Hanover Street, London W1R 9HG.

Link City Search & Selection Ltd.

STOCKBROKING

OIL ANALYST

Our client, a major UK Securities House, is seeking an Oil Analyst with minimum of 4 years' experience. Excellent salary bonus and benefits for candidate with first class track record.

UNIT TRUST ADVISER

A major UK house requires a person with a sound knowledge of unit trusts and about 2 years' experience in that area to provide an information and advice service to clients.

LEISURE ANALYST

A leading stockbroker now wishes to augment its established Brewing/Leisure team. An experienced Leisure Analyst is sought to take particular responsibility for Hotels and Leisure Stocks. The remuneration package is most attractive for a candidate with around 3-5 years' experience.

EQUITY SALES

At least 2 years' experience in general or specialist sales is essential. The successful candidate will join an expanding institutional sales team. Very attractive remuneration package.

Contact Dr Elspeth Davidson

01-439 1701

Corporate Finance

Samuel Montagu & Co. Limited – part of Midland Montagu – is now recruiting additional executives for its expanding Corporate Finance Division.

A Chartered Accountant or a qualified solicitor, with at least one year's post qualification experience with a major City firm or merchant bank.

Self-motivated and able to demonstrate high standards of professionalism with a strong determination to succeed.

Prospects for progression are excellent. The remuneration package is highly competitive and will include the usual banking benefits.

Please write with full personal and career details to:

Ian McIntosh, Managing Director, Samuel Montagu & Co Limited, 10 Lower Thames Street, London EC3R 6AE.

Samuel Montagu & Co. Limited

FUTURES AND OPTIONS BROKERS

GNI, a member of the A.F.B.D., is a leading UK company that offers a full range of brokerage services on the international futures and options markets. We are now seeking a number of professional people to play an important role in our continuing successful expansion programme.

TREASURY ASSISTANT

Experience of control of banking and money market operations will be essential for this position which will report at a senior level. The ability to co-ordinate and directly manage the day-to-day management of cash funds, aided by an assistant, coupled with the flair to develop expertise and create profitable trading situations will be qualities possessed by the ideal candidate. Prospects and remuneration will be attractive within this rapidly growing organisation.

SENIOR DESK BROKER/TRADER

This position requires a mature, responsible person with a minimum of 3 years' experience in dollar-based fixed interest markets. Futures experience, though useful, is not mandatory.

The ideal candidate will have management skills and the desire to assist in the running of an already successful team.

DESK TRADER

This position requires proven experience of financial futures and options in both UK and international markets.

The ideal candidate will be mature and responsible and willing to become part of an already successful team.

MARKETING ASSISTANT

A knowledge of the UK and US money and FX markets is essential for this position, coupled with the ability to communicate effectively at Corporate Treasurer/Fund Manager level.

MANAGEMENT ACCOUNTANT

Positions are available in this fast growing organisation for both part qualified/time barred and qualified accountants with good Lotus 123 skills. Attractive career prospects and remuneration packages are available. Experience of financial markets is preferable but not essential.

Please contact:
Jamie Sheldon
GNI Limited
Colechurch House
1 London Bridge Walk
London SE1 2SX
Tel: 01-378 7171

GERRARD & NATIONAL INTER COMMODITIES
GNI

CREDIT ANALYSIS

UK Analyst with minimum 2 years' experience. German language an asset. Mid-late 20s. To £17,000.

Credit Analyst in European bank, mainly dealing with Italy. Broad experience of balance sheet spreading, loans administration. To work in a small team. Preferably with a knowledge of Italian. To £17,000.

Accountant, newly qualified ACA or with up to two years in the profession or banking to deal with new financial regulatory procedures. An excellent communicator. Very good prospects. £22,000.

Please telephone Shelagh Arneil on 583 1661 or send CV to her in confidence:

ASB Recruitment, 50 Fleet Street, London EC4Y 1BE.

International Appointments

VICE PRESIDENT

MARKETING AND BUSINESS DEVELOPMENT

Financial Services
London

Our client, a leading provider of financial information services headquartered in the United States, is seeking to employ a senior marketing/business development executive to formulate and implement strategies and programmes to further enhance its position in the European financial and corporate markets.

This position, which will report to the division president, who is located in the United States, requires a demonstrated record of success in development marketing programs, new products and joint ventures for the European financial community. This experience may have been gained with a financial information provider, bank, or major consulting firm. Obviously, excellent communications skills; a record of educational achievement and developed entrepreneurial instincts are also necessary for this position. We prefer a candidate between 30 and 40 years of age who has at least five years of experience in the UK financial community.

Our client will provide a competitive salary and benefit program as well as customary prerequisites.

Please write to our US search firm, in strictest confidence:

John Sutton Associates
Search Consultants Inc
Dept 000, 1501 Broadway
New York, NY 10036, USA

Eine neue Herausforderung im EDV-Bereich

Bei uns steigen Sie in ein Fachgebiet mit einem exponentiellen Wachstum ein. Wir suchen das analytisch und konzeptionell ausgeprägte Denkvermögen des

EDV Projektleiters für die Datenverwaltung der SBV Auslandorganisation

EDV Projektleiters für ein neues Central Information File (CIF) bei sämtlichen Ausland-Filialen und Tochtergesellschaften des SBV

Für diese Stellen sollten Sie folgende Voraussetzungen mitbringen:

- kaufm./bankfachliche Ausbildung oder *akademischer Abschluss*
- mehrjährige EDV-Erfahrung auf Grosssystemen, speziell in der Datenverwaltung und Administration
- Erfahrung mit Sprachen der 4. Generation (DB2, ORACLE), als Data Administrator unerlässlich
- Idealalter 25 – 35 Jahre
- Muttersprache Deutsch, sehr gute Englischkenntnisse
- Freude an Reisen und sporadischen Kurzeinsätzen im Ausland

- kaufm./bankfachliche Ausbildung oder *akademischer Abschluss*
- mehrjährige Erfahrung in EDV-Applikationsentwicklung auf Grosssystemen bei Banken
- Erfahrung mit Sprachen der 4. Generation wünschenswert
- Idealalter 25 – 35 Jahre
- Muttersprache Deutsch, sehr gute Englischkenntnisse
- Interesse an Reisen im Ausland

Sie erhalten bei uns eine gründliche Ausbildung, die sich nicht nur auf Ihr Einsatzgebiet beschränkt. Mittelfristig besteht auch die *Möglichkeit*, im Ausland bei unserer Auslandorganisation eingesetzt zu werden.

Haben wir Ihr Interesse geweckt, und sind Sie an einer Dauerstelle mit Arbeitsort in Basel interessiert? Dann erwarten wir gerne Ihre schriftliche Bewerbung an:

Schweizerischer Bankverein, Generaldirektion,
Abteilung Personal Ausland, z.H. Herrn G. Kurath,
Postfach, 4002 Basel

Schweizerischer Bankverein

RoyWest Trust Corporation Limited

TRUST OFFICERS

The RoyWest Trust Group, one of the largest Groups of Companies offering International Financial Services, wishes to engage experienced Trust Officers in the Bahamas and the Cayman Islands

Applicants should have a minimum of five years' experience in their field and possess an Institute of Bankers Trustee Diploma or its equivalent.

The posts to be filled offer an attractive tax-free compensation package which includes allowances and annual return air fares for the officer and his dependents, a pension plan and medical and life insurance coverage.

Interested applicants should forward a full résumé of education, qualifications and experience to the Vice-President—Europe, RoyWest Group, 4 Finch Road, Douglas, Isle of Man, who will arrange preliminary interviews with selected candidates. All applications will be treated in the strictest confidence.

THE ROYWEST GROUP IS ASSOCIATED WITH NATIONAL WESTMINSTER BANK PLC AND THE ROYAL BANK OF CANADA.

Small Department of Old Established

LARGE ZURICH BASED COMPANY

requires services of an experienced competent

TRUST MANAGER (or ASSISTANT)

Candidates should have practical business experience of Discretionary Trusts and other forms of Family Settlements.
Confident personality and ability to handle individuals essential.
Preferred age 25-40. Reasonable working knowledge of German language required.
Good working conditions and generous salary (well over UK levels) offered.

Full particulars in strictest confidence to:
Cipher 44-64-188, Publicitas, P.O. Box CH-8021 Zurich

MERGERS & ACQUISITIONS DUBLIN

Are you creative and innovative in your approach to Corporate Finance?

These are the essential requirements of our client – a major force in Irish merchant banking.

Due to the expansion of it's services and ever-growing client base, they now seek an experienced Mergers and Acquisitions Executive to join the Corporate Finance Director and play a major role in the continued development of this key function.

This position will appeal to candidates currently working in Mergers and Acquisitions who can demonstrate flair, originality and strong negotiating and communication skills.

Aged 25–35 with a degree/professional qualification, you will be keen to contribute at Senior Management level together with the ability to develop and motivate a team of young professionals.

This challenging position offers an excellent remuneration package (which includes profit sharing and a company car).

I shall be in our London office from Wednesday, September 30th to Friday, October 2nd, to meet with interested candidates.

For further information please contact **BRONAGH McDONALD,** General Manager, on (01) 377 5959.

All applications will be treated in the strictest confidence.

GRAFTON RECRUITMENT LIMITED.
Grafton House,
10 Artillary Passage, London E1 7LF. Tel: (01) 377 5959.

grafton RECRUITMENT

DUBLIN • LONDON • BELFAST

EURO BROKERS JAPANESE SPEAKERS

Euro Brokers, a leading International Financial Services group with offices in London, New York, Los Angeles, Toronto and Tokyo is seeking to recruit several Japanese speakers, preferably with experience in Money or Capital Market products in both US dollar and sterling. It is envisaged that the successful candidates would initially assist with the money broking activities of the London office but excellent career opportunities exist within the group worldwide, including the possibility of an assignment to Tokyo.

A highly competitive remuneration package will be offered to successful candidates.

Please apply to:
N. R. L. HUDSON
EURO BROKERS LIMITED
Adelaide House, London Bridge
London EC4R 9EQ
Telephone: 01-626 2691/2/3/4

BZW

BARCLAYS de ZOETE WEDD

AUSTRALIAN EQUITY SALES

Barclays de Zoete Wedd, one of the UK's leading international securities houses, is expanding its highly successful Australian sales team. There is an opening for a salesperson to service European clients out of London.

Applications are invited from candidates who have:

- proven income earning ability
- fluency in German
- experience in Australian securities.

A highly competitive remuneration package and attractive benefits would be available to the right candidate.

Applicants should apply in writing with Curriculum Vitae to:
Mark Godson, Barclays de Zoete Wedd, Ebbgate House, 2 Swan Lane, London EC4R 3TS.

THE INVESTMENT BANKING ARM OF THE BARCLAYS GROUP

TRAINEE FINANCIAL ADVISERS

Due to expansion I am looking for 2 very ambitious people. They must be about 23-35 and will work within a leading City financial services group, earning above average income while training, rising steeply.

Telephone Nigel Brooks on 01-491 0453

Appointments Wanted

GRADUATE
Extensive Work experience

recently returned from two years in China, working in Shengli Oilfield and Guangzhou Institute of Foreign Trade, seeks position in company with Chinese connections. Fluent French, good Spanish, working knowledge of Chinese. Available immediately.
Tel: (0873) 840275

Opportunities in Australia and New Zealand

Astley & Pearce (Australia) Pty. Ltd.
Fixed Interest Brokers (Australia) Pty Ltd.
Astley & Pearce (New Zealand) Ltd.
seek experienced broking staff in the following areas:–

Capital Markets
Interest Rate Swaps. FRA's
Fixed Interest
Foreign Exchange and Deposits

Positions exist in Sydney, Melbourne and Wellington. Attractive terms and conditions. Please apply in confidence to Paul Burnand, Director, Exco International p.l.c., 80, Cannon Street, London EC4N 6LJ or telephone 01-623 4040.

EXCO
Exco International plc

APPOINTMENTS ADVERTISING

£43 per single column centimetre
Premium positions will be charged £52 per single column centimetre

For further information call 01-248 8000

Tessa Taylor ext 3351
Deirdre Venables ext 4177
Paul Maraviglia ext 4676
Elizabeth Rowan ext 3456

LAWYER - PARIS

The Elf Aquitaine Group is one of the largest companies in France and a major international oil company established worldwide. Its activities include oil and gas exploration and production and it is a major producer of fine chemicals, pharmaceutical goods and fertilizer.

The appointment is for a lawyer in the parent company's finance division. You will advise senior management on a broad range of finance matters including loan agreements, bond issues and short term debt instruments.

Applicants should have not less than two years post-qualification experience of financial work. Additional advantages would be a knowledge of tax, and a working knowledge of French. A desire to work in Paris is essential. Remuneration is negotiable, but is unlikely to be an impediment to the right candidate.

Please apply in writing, with full C.V. to:
A. N. HARLAND, Société Nationale Elf Aquitaine
Tour ELF Cedex 45 92078 PARIS LA DEFENSE

Nothing better than world dominance

Victor Millar, Saatchi's new number three, talks to Richard Waters

VICTOR MILLAR, WHO last week took over responsibility for Saatchi & Saatchi's worldwide operations, does not appear at first glance to fit the Saatchi mould. A career with accountants and consultants Arthur Andersen would not seem to suit him, at the age of 52, to the flamboyant style of the world's largest advertising group (a description it aims to replace with that of business services).

But his ambitions certainly fit the Saatchi pattern. For a start, he thinks in terms of world dominance. Nothing better will do.

In this respect, he may have made the right decision in leaving Andersen for Saatchi at the end of last year. Andersen has slipped to number two in the world accounting league, following the merger of Peat Marwick and KMG, and could fall further if other mergers occur.

Also, he clearly delights in thinking strategically. It was the similarity of his ideas about where service industries like consultancy were heading to those of Saatchi & Saatchi founders, the brothers Maurice and Charles, that brought him to Saatchi in the first place. "I really delight in working with these two gentlemen because they are strategic thinkers," he says from his office in Washington DC.

The accepted wisdom about the development of global, multi-service groups flows mellifluously from his lips. He plans to free himself as much as possible from operational responsibility to keep tabs on where the group as a whole is going.

But his personal style contrasts sharply with that of the ebullient Saatchis.

"He has a clear, single-minded sense of purpose," says a former Andersen colleague. "He thinks analytically, and very often comes up with a strong, simple view that he then implements. Advertising people are less analytical and much more instinctive. That's not Vic's style."

The difference is nowhere more clearly demonstrated than in Millar's crowning achievement: the creation at Andersen of an army of consultants trained to a pre-determined pattern. "Clones" is the word most commonly applied to its staff. Millar created a homogeneous, single-service consultancy firm that is a clear leader in its field.

The Saatchi approach is dramatically different from that of Andersen in that it is trying to combine all services and cultures under one flag. Its goal of becoming the world leader in management consultancy can only be achieved through acquisition.

"At Andersen, Vic was always very strong on the single culture, the importance of training and organic growth. All these things are at variance with growth by acquisition," says the former colleague.

But Millar's dedication to building this consultancy operation is as strong as his dedication to the Andersen ideal, which he conceived 20 years ago. His concentration on his current goal is formidable.

The responsibilities he took on last week cannot help but deflect him from this course.

Energy

"Frankly, I had planned to devote my energy to consulting, before turning to the broader question of synergy within the whole group," he says.

What thrust Millar to the top was the departure of Anthony Simonds-Gooding, a former chief executive of Whitbread, the UK brewer, who had run the communications division. Simonds-Gooding was appointed chief executive of British Satellite Broadcasting last week.

Combining operational responsibility for communications, which account for 80 per cent of group turnover, with responsibility for consultancy gives Millar effective control over all operating areas, and firmly ensconces him as number three to the Saatchi brothers.

"I've been through this all before - moving out of my own discipline," says Millar. In 1984, after more than 20 years in management consultancy, he took on responsibility for all of Andersen's operations around the world - a job that bears a close parallel with his latest role at Saatchi.

But he insists that, while the appointment may have been made in a hurry, he is not simply plugging a temporary gap. "This is a permanent assignment. I am not warming the seat," he says.

Since first joining Saatchi, Millar has made virtually a full-time occupation of shopping for management consultancy firms something for which he will continue to be responsible. "There are a lot of talks in progress at all times," he says.

Buying other firms is not an easy task. "I tend to be fairly stubborn," he says. "When people say it's not for sale, they really mean it's not for sale. But the thing to do is spend enough time with them to get them to accept your concept. I'm willing to spend any time that is needed to do that."

Among those to have told Saatchi recently that they are not for sale are Midland Bank and Hill Samuel. The move into financial services has given commentators more than a little to puzzle about. With one part of the business in place (communications) and a second in the early stages of development (management consultancy), a third in the form of financial services seemed to commentators an unlikely departure.

Millar plays down this development - in contrast to a widely-circulated Saatchi study which makes a pressing case for the group to move into financial services. (See this page, September 18.) "It would be misleading if we said there would be a third box labelled financial services. It's not our intention to focus our attention on that at this time," says Millar.

Saatchi's development beyond communications and management consultancy could take several forms, and "may well include some financial services, or other things like publishing. We're not interested in commercial banking - but banks do a lot of other things."

Despite this apparent relegation of the importance to Saatchi of financial services, Millar claims that the approaches to Midland and Hill Samuel were not opportunistic attempts prompted by talk of the banks' vulnerability to takeover.

"I understand why we confuse people," he muses. While the rest of the world - and apparently Saatchi itself - tries to work out just where the group is going, Millar is sticking to his guns. Seeing through the management shake-up that is currently under way in the communications division and pushing forward the management consultancy development are "the primary focus," he says.

A spokesman for Saatchi in the UK also plays down the significance of the sally into financial services. "We are not restricting ourselves to financial services," he says. "We have considered a number of different sectors, and publishing is certainly one of them."

No further financial services acquisitions are currently being discussed, and there is no deadline for making an acquisition in this area, says the Saatchi spokesman. "It behoves us at the moment to take a little steam out of what has become an overheated market," he thoughtfully concludes.

Millar will retain responsibility for consultancy acquisitions. "Approaching the best consulting firms that don't want to be sold isn't a job that can be delegated," he says.

Since arriving at Saatchi, Millar has identified nine separate strands that together make up the management consultancy market. These include such disparate management disciplines as strategy, human resources and crisis management. He wants to put Saatchi into the top three in each market.

Success would give Saatchi a clear lead internationally. By Millar's reckoning, the worldwide management consultancy market will be worth $114bn in 1990 - three or four times as large as the advertising market. If Saatchi succeeds in tying together this international, full-service consultancy operation, it will have made the jump from ambitious advertising agency to business services group.

The plan is clear. In each of the nine segments Saatchi has drawn up a list of the top three firms. "Frankly, I'm approaching each of the firms one by one, starting with the best, and asking if they will join us," says Millar.

He still has a long way to go. By his own calculation, three quarters of the consultancy market is accounted for by just one of the nine "strands" - information services (advising on and installing information techonology). Yet Saatchi has no presence in this market, save for a tiny Paris-based subsidiary of Hay, a human resources consultancy it bought three years ago. Until it breaks into information services, Saatchi will not figure on the management consultancy map - as Millar is prepared to admit.

Saatchi owns six management consultancies ranging from human resources to litigation support.

Information services should be the next move. The biggest and, as most rivals admit, the best firm in this field is Arthur Andersen - an outfit for which Millar has an undisguised admiration. It is, after all, his own creation. Despite several approaches, though, Andersen has not been persuaded by the Millar logic.

There seems little hope of changing Andersen's mind. Millar may be a stubborn man, but as he says of a merger with his former employer: "It's awfully difficult to be hopeful in the short term."

The gaps in the Saatchi story

Christopher Lorenz reviews a book on the advertising-based empire

THE SAATCHI & SAATCHI empire is perpetually peppered with puzzles. A prime one at present is the failure of the voraciously hungry group to expand rapidly into market research - one of the most obvious extensions from its original advertising core. It has moved much more quickly into less obviously connected fields such as management consultancy.

The market research question is less parochial than it looks. For the answer to it illuminates clearly a more central enigma: whether the whole notion of (eventual) cross-referral of clients, on which much of Saatchi's diversification into a wide range of business services has been based, actually works in practice.

The trouble with market research, in a sense, is that it is too close to advertising, and that client conflicts are therefore all too likely to arise.

In a book to be published this Friday, "The Saatchi & Saatchi Story"*, Philip Kleinman, a UK advertising industry journalist, reports that Saatchi has talked to a number of research agencies over the years. But with the exception of the New York-based Yankelovitch, Skelly & White (bought three years ago and renamed when several of its partners walked out), Saatchi has made no major market research acquisition.

Kleinman points to the main reason through the words of Sir Bernard Audley, chairman of Europe's largest market research company, AGB - for which Saatchi is thought to have been a long-standing suitor (Saatchi denials notwithstanding).

In Kleinman's words: "Audley pointed out more than once that, given the strong involvement of AGB in television audience measurement in several countries, including the US, where its service had received financial backing from several ad agencies, a takeover by Saatchi would make little commercial sense. Other ad agencies would be bound to look askance at a service of that kind controlled by one of their rivals."

As clients of AGB, in other words, ad agencies would object to Saatchi control on the grounds of conflict of interest.

Though understandable in itself, this attitude of other ad agencies is also paradoxical, since - as Kleinman also makes clear - an increasing number of them have started emulating the octupus-like development by Saatchi of networks of competing ad agencies, which reassure their clients (multinational food companies and so forth), that "Chinese walls" between brother agencies will protect against leakage of sensitive information to competitor clients. This doctrine was coined and practised well before Saatchi came on the scene by Interpublic, an American chain of ad agencies.

The extreme sensitivity of this issue was demonstrated dramatically last year following Saatchi's takeover of the big Ted Bates agency in New York. Within months it had lost $100m of Colgate-Palmolive business because of the perceived conflict with Procter & Gamble, a prime client of one of Saatchi's existing US agencies.

More serious still - because less obviously foreseen by the Saatchis, who are otherwise well used to post-takeover defections by some clients - was P&G's own decision to switch several brands away from Saatchi-based agencies, partly on the generic grounds that it, too, distrusts mega-mergers in advertising, and fears account conflicts.

As Kleinman points out, by no means all Saatchi's big clients are as fussed on the subject. Not only has Saatchi regained much of the business it lost after the Bates takeover, but a large number of rival accounts, for instance in the car industry, have stuck with Saatchi throughout its recent pell-mell expansion into parallel agencies.

On this, and other aspects of international "Adland", as he calls it, Kleinman's book is fascinating for the outsider. He reminds us, for instance, that when the Saatchis first branched out on their own a mere 16 years ago, it was still forbidden for agencies to solicit business direct.

Yet, such nuggets apart, the book is fundamentally unsatisfactory. Stylistically, it begins clearly but then rapidly slides into an insider's interminable and convoluted listing of names, detailed deals, and irrelevant percentage points. In an industry littered with pompously lengthy company names, any writer must be pitied in his or her vital task of standing back and sifting-out unnecessary data - yet this Kleinman has signally failed to do. As a result, the reader's early enthusiasm rapidly palls, and he is left struggling through the trees looking in vain for the wood.

More seriously, the book fails to answer - in some cases, even to ask - many of the key questions about Saatchi which have perplexed informed outsiders for years, and especially since the brothers' ambitions in financial services burst upon an astonished world last month.

For instance, how widespread is Saatchi's beloved global branding really becoming? (Kleinman is far too brief on this.) Does the much-hyped cross-referral system really work? (And on this.) What, if any, parallels are there between Saatchi's quests for "synergy" across its diverse empire and the (eventually abortive) fashion for supposedly synergistic manufacturing conglomerates in the 1960s, especially in the US? (Kleinman ignores this entirely.)

Most important, Kleinman provides little clue about what really makes the legendary brothers tick - though he may well be near the mark with his passing comment that chairman Charles is, above all, a collector - of business scalps as much as of modern art, his much-publicised hobby.

The definitive inside story of the Saatchis definitely remains to be written.

*Weidenfield & Nicholson, £12.95.

Business courses

Spreadsheet power, London. November 23-24. Fee: day 1 or day 2 basic rate £225 + VAT; both days basic rate £425 + VAT, group rate £395 + VAT. Details from Monadnock International, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 01-871 2546. Telex: 299180 MONINT G; Fax: 01-871 3866.

How to conduct effective process capability studies, Surrey. November 12-13. Fee: £335 + VAT. Details from David Hutchins Associates, 13-14 Hermitage Parade, High Street, Ascot, Berks SL5 7HE. Tel: 0990 28712. Telex: 847738 DHAQIC G.

Identifying potential, Uxbridge. November 3-5. Fee: £485. Details from the secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Tel: 0895 56461.

Effective presentations, Staffs. November 2-3. Details from Administration Office, Compower Computer Training Centre, Cannock, Staffs WS11 3HZ. Tel: Cannock 462581. Telex: 339638.

THE ARTS

Television/Christopher Dunkley

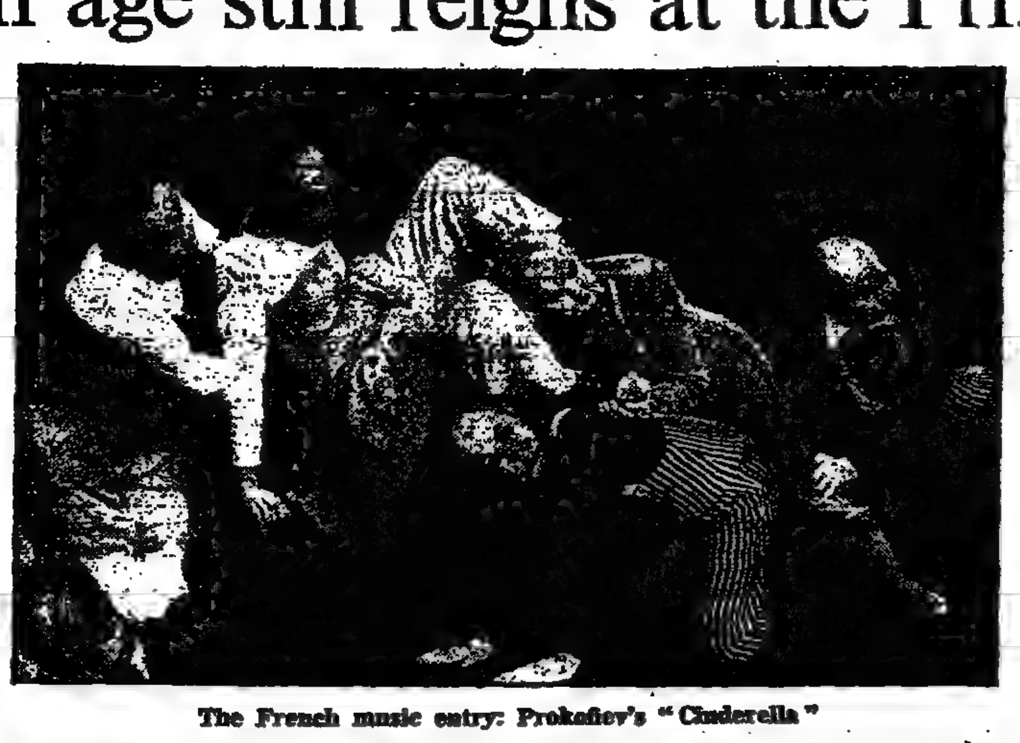
Golden age still reigns at the Prix Italia

Observing the Prix Italia in 1987 is, perhaps, a little like observing the London season in 1913. Of course the Italia is not, or not primarily, a social occasion, but Europe's oldest broadcasting festival. Instead of the dukes, duchesses and débutantes you find the *grandees of public service* broadcasting, the producers and even a sprinkling of those from *below* stairs. ("Did you see that extraordinary Israeli ballet programme?" I asked one of my co-observers. "See it?" she snorted, "it's my choreography!")

On the surface all seems well with the world. Indeed, the outward show, as displayed in the programmes, glitters as much as ever, or even more so. This looks like one of the most impressive seasons we have ever seen. But in the background there is a feeling of an era approaching its end. The sunshine slanting through the arches of the Chiostri di Santa Corona in Vicenza last week was symbolically autumnal. And the quaffing of Champagne by the happy winners — many of them British once again, after rather a lean period in recent years — seemed to have about it that same sense of fate being tempted as we now read into the gay excesses of the Edwardian age.

Stefan Felsenthal is a man *who embodies the spirit of the* Italia. Head of cultural programmes for the Dutch public broadcasting organisation NOS, he is Jewish (remembers the concentration camp as a child) and a true European in the sense that he can coin sophisticated puns in umpteen languages; also in the sense that he works habitually with colleagues from Germany, France, England and eslewhere to make possible the high quality music programmes which are his joy.

This year, as often in the past, NOS had great success at the festival, winning not only *the Prix Italia in the Television* Music category with a mind-blowing version of Stravinsky's *The Flood* (recently shown on Channel 4) illustrated by Jaap Drupsteen with an electronic gallery worthy of Hieronymus Bosch, but also the RAI Prize for Television Documentaries with *Welfare State*. This is an endearing, albeit slightly over long, account of a 65-year-old woman good heartedly caring for her 89-year-old male neighbour, fighting the bureaucracy of the welfare state for such simple items as a stick and a walking frame.



The French music entry: Prokofiev's "Cinderella"

For the BBC to win several of the festival's top prizes as reported in last Saturday's FT is one thing—the BBC is the world's largest broadcasting organisation—but for NOS, which is so much smaller, to win several is astonishing. They must be in pretty fine fettle, you might think. Yet on the first day of the festival Felsenthal said sadly: "All over Europe public service broadcasters are on the retreat. Whether it's cable in Belgium, or the Astra satellite in Monaco, or your Mrs Thatcher demanding more competition, the effect is the same: public service broadcasting is being driven back and back, and it is going to get worse."

Between the end of the war and the present day, broadcasting had been enjoying a golden age, *he mused, and we had not* appreciated it enough: "We didn't know how lucky we were, or we would have savoured it more." Felsenthal is a shrewd and experienced man, and his predictions cannot be dismissed. Even if it is not mainly the activity of malign individuals which is now forcing public service broadcasters to retreat, but the same sort of technological imperative which has shaped broadcasting since the earliest days of radio, the effects are likely to be the same, except in countries willing to use totalitarian centralisation to prevent it. Even they will have immense trouble if —when—DBS (Direct Broadcast by *Satellite) gets going* in a big way internationally.

Yet however pessimistic the long term prognosis, the evidence of this year's Prix Italia shows that at this very moment we are still living in the golden age. There are still a great *many people in a large number of organisations from countries* as diverse as Ireland and Yugoslavia, Japan and Austria, whose chief concern is not the maximisation of audience figures, but the pursuit of excellence. Whatever the politics or the philosophy involved, no doubt the airwaves will in future support greater quantities of *Miami Vice, Benny Hill* and their ilk, but for the moment—and perhaps *for longer than some of the pessi*mists imagine—high quality programmes continue to proliferate.

Most obvious at the Italia are the prize winners: music programmes such as *The Flood*, mentioned above; and Channel 4's *Behind The Mask* which succeeds *magnificently in explain*ing the aims, desires and background of composer Harrison Birtwistle, who is shown to be a complex man of great seriousness. The programme does not manage to make a single phrase of Birtwistle's "music" seem in any way attractive or even vaguely pleasing to me, but it fully deserved its ten million lire Regione Veneto Prize because it is an excellent piece of work.

The BBC's *beautifully crafted* and hilarious single play, *After Pilkington*, a black comedy by Simon Gray, already shown in Britain, with Bob Peck and Miranda Richardson playing the university couple who knew each other in their youth as "Porker" and "Patch," won the Prix Italia for drama; and *Yorkshire's Scab*, the ITV drama entry which uses documentary-drama techniques *to explore the social implica*tions of the miners' strike, won the RAI Prize.

The top documentary prize went to the Danes for *Yesterday*, a harrowing programme about the effects upon a marriage when a young husband is confined to hospital with a blood clot on the brain, then enabled to communicate via computer; and the award in the Ecology category went, quite rightly, to the BBC for *Vanishing Earth* which investigates soil erosion and, by illustrating solutions, manages to leave the viewer in hope rather than the despair induced by *so many* ecology programmes.

However, it is not always the prize winners from the big or the predictable producers which provide the most heartening aspects of the Prix Italia. Every year there are plenty of programmes that do not win prizes which could, and arguably should, be shown in the participating countries; an idea which is written *into the statutes of* the event, but often paid scant attention—though from time to time BBC2 and C4 have shown items selected from the festival.

Programmes from this year which would delight at least a couple of million Britons (a tiny figure in the ratings lists, but vast by any other standards) include the dramas *Cervantes' Hens*, a funny though vaguely sinister Spanish production about Cervantes' wife turning into a chicken; and a superbly well photographed Austrian entry, *Winterreise*, offering an account of the last days of Schubert.

Documentaries which would surely appeal to any audience include Japan's *Miyuki*, an astonishing account of a six-year-old girl, raised on a farm, who has a 1½ hour walk across wild country to school and the same to get home, and whose satchel has bells on it to keep the bears away; and Germany's *Between Hate And Love* which interviews the children and grandchildren of famous Nazi war criminals to illustrate contemporary attitudes to Nazism, and the effects of Nazism upon successive generations.

Music programmes which would travel internationally with equal success include a new and striking version of Prokofiev's *Cinderella* from France with all the characters played as dolls; and a Canadian entry called *Whalesong* in which a full orchestra, choir, and two killer whales perform in harmony at Vancouver Zoo: an extraordinary, touching and remarkably exciting event.

Negotiations are already going on for some of these programmes to be shown in Britain. But given that so much television is suitable, or easily adaptable, for international audiences; given the vast quantity of undemanding entertainment which already crosses international boundaries (notably the Atlantic); and given Stefan Felsenthal's warning cry that the golden age is now and the sun is beginning to set, is it not time for more — much more — material of Prix Italia standard to be shown outside its countries of origin?

Guglielmo Tell/Zurich Opera

Ronald Crichton

Rossini's last and grandest opera, something of a rarity (though not so rare as some suppose) remains a major undertaking. Against the music, splendid both in detail and in general outline, one must set immense length, heavy demands on a bevy of soloists, a large chorus, an indispensable ballet—and a dull libretto. Dr Vernon, astute director of the Paris Opéra in the years following the premiere (1829) of *Tell*, diagnosed monotony of setting (fir trees, snowy peaks and cuckoo-clockery) as the reason for the opera's persistent failure to draw the public as well as Meyerbeer's more glamorous spectaculars.

The film director Daniel Schmid and Erich Wonder, producer and designer of the new *Zürich staging* (in the Italian version), have deliberately made a spectacle, and a Swiss one. *Schmid is an authority on* the influence of Swiss Romantic landscape on various aspects of early 19th century culture as the growth of tourism and the first optical and photographic experiments. Wonder's front *curtain is a folding camera* shutter. Backcloths are glimpsed through giant magic-lantern slide frame. Diorama prospects are lowered, whisked away or dissolved into others. Mathilde sings "Selva opaca" on an iron bridge suspended over a foaming torrent. The concept hardly illuminates the *theme of* the opera. The belated growth of national resistance under Tell's leadership slips away in a sea of gauze and restless lighting.

All this clutters the not over-large stage. *Some of the chorus* are dimly perceived from time to time through gauze but their main work (and there is plenty of it) has to be done off-stage with absurd results in the big public scenes (the shooting of the apple, for example) where the cries of triumph were barely audible. Liaison between conductor (the experienced Nello Santi) and backstage forces was precarious. In ensemble after ensemble, balance was a travesty. Surprising, in an opera house of long-established reputation, to find such a basic technical problem unsolved. With the orchestra, Santi was *in firm control, maintaining the* score's long-range vitality as well as clearly outlining expressive detail.

Schmid, a professed admirer of Rossini, insists that he has kept the music in the foreground (and the chorus?). The principals certainly have full use of the front stage—Salvatore *Fisichella* delivers Arnold's electrifying phrases in the duet with Tell as it were from the *footlights, and a galvanising* sound it is. But Schmid accepts cuts which weaken structures without making the opera *feel* shorter. Ironically the conceptual veneer has produced "singer's opera" of the least appealing kind, with the principals' most vociferous admirers dotted round the house.

In the title-role was the Venetian Antonio Salvadori, a baritone of pleasing, even quality without, on this showing, much projection. Fischella's clarion-toned Arnold showed complete confidence in the fearsome role—only one or two of the big phrases finished less elegantly than they began. *Howard Nelson made more than* most do of the comprimario role of Gessler's tame creep, Rodolfo. *Considering the absence of* visible crowd-reaction, the Austrian tyrant himself was sung with commendable imperturbability by Alfred Muff.

Maria Chiara was Mathilde the Hapsburg princess who throws in her lot with the Swiss rebels with a forceful attack (sometimes rising to stridency) not often brought to this role. It was good to hear some of the duet with Arnold from Act 3, usually omitted. The other sopranos, Tell's wife Edwige and son Jemmy, who have especially *in the last act some admirable* music to sing, were Nadine Asher and Margaret Chalker, both good. The magnificent ending blazed in the orchestra and on the lips of the soloists. The chorus at this point was partly visible through a series of brightly painted gauzes. The soloists' costumes were vaguely medieval, the chorus as far as I could see were dressed in the period of Rossini, suggesting *that full freedom for the Swiss* would only come with the age of tourism.

*

The revival of Michael Hampe's production of Rossini's *L'italiana in Algeri* is too run-down to raise much of a cheer for traditional as opposed to conceptual opera. There is an unusual *Isabella* from The Norwegian Anne Gjevang, a Bayreuth Erda. Miss Gjevang has only a faint spark of the mocking impudence the part and Rossini's comic coloratura demand, but the voice is so strong and beautiful, her way with the big patriotic number so rousing, that one forgave much. Robert Gambill, was a taking Lindoro — suddenly the world is full of *capable Rossini tenors*. Günter von Kannen and Bruno Pratico were acceptable as Mustafa and *Taddeo*. *Mauro Pagano's sets*, a tribute to Sanquirico, still look well but the action they enfold is slack and ragged.

Sherlock's Last Case/Nederlander, Broadway

Frank Lipsius

In adapting her story *Witness For The Prosecution* for the stage, Agatha Christie added a character and final twist of the plot to justify what would otherwise have required deception in the cast list. Charles *Marowitz is not up to the* Christie standard with his embelishments to the cast in the programme, nor with the misleading and arrogant title of his play, *Sherlock's Last Case*, which opened the new Broadway season at the Nederlander.

On second thoughts, Marowitz may have wanted to make Sherlock so unappealing that no-one would bother seeing him again, a conspiracy with the star Frank Langella, so loathsome that Professor Moriarty would cringe.

Where Holmes was *once* just exacting and meticulous, now he complains and demands with *no consideration, underlying* humanity or conviviality. He could not attract the companionship of Watson with the hard boiled unpleasantness Marowitz attributes to him and Langella (previously on Broadway as Dracula) all too easily conveys. As he packs his pipe with *opium, his character goes up in* smoke.

The flaws in Holmes' character *play into the plot*, which revolves around disaffection in the Holmes household. Such a premise has considerable merit, especially as a clever late 20th century adaptation of the Holmes canon, allowing the secondary characters an abiding envy. That they ultimately destroy themselves rather than the object of their hatred provides the moral to complete the story.

But *character assassination* of Holmes, besides its unpleasantness, *is just not needed to justify turning* against the great man, especially in our evolved understanding of the psyche and the suffering of underlings in a supposedly egalatarian society.

Meaness to the characters extends to David Jenkins's moth-eaten set, which looks *more like a Victorian bedsit than* Holmes' study.

Donal Donnelly looks far too young for Watson, while Jennie Ventriss' Mrs Hudson seems calculated to prove the misogyny of her creator, making her a crabby old servant capable only of distraction and *annoyance.*

Director A. J. Antoon lets Langella's hamming as a ga-ga Holmes get out of hand in a production that fails to relieve a fear that the arrogance of modern interpreters, rather than contemporary enemies, might finally do in a character *Conan Doyle once revived in his* lifetime.

The Girl Friend/Colchester

Martin Hoyle

Against a brightly painted landscape that combines the best of Devonshire and the Swiss Alps the train has broken down—not surprisingly, since the part visible to us wobbles at the mere approach of a human being. Six boys and girls are soon celebrating the unscheduled halt with the same energy that they will subsequently display whenever erupting on stage to scream, throw streamers, add a descant, provide *a refrain, Charleston* to the title-song or, when the heroine's virtue is impugned with the accusing interrogative "Who can prove this?" suddenly rush on with the unison cry of "We can!"

Sandy Wilson's affectionate pastiche of the *genre* is constantly *recalled, but needless to* say Lorenz Hart (lyrics) and Richard Rodgers (music) refuse to become *museum pieces. To* hear great *standards* like "Mountain Greenery" or "Blue Room" crop up in their dramatic context affords the same *frisson* as experiencing for the first time a well-loved operatic aria or Shakespearian *soliloquy in its proper place*.

The programme helpfully sorts out the different versions of the show, of *Boris*-like complexity. Michael Winter's production is based on the 1927 London run when a new book by R. P. Weston and Bert Lee replaced Herb Fields's Broadway original. Songs from other sources, notably Gus Khan and Otto Harbach, pad out Rodgers *and Hart. The Musical Director* Martin Yates provides new dance music without a stylistic jar. The result is an utterly enjoyable performance, put over with energy, charm and cheerfulness by a predominantly fresh young cast; a suitably jubilant offering for the Golden Jubilee of Colchester's Mercury Theatre.

The story is happily inane: misunderstandings, impersonations, mistaken identities and young love triumphing, all in a swish hotel during a college reunion. Rougish roués from the cartoons of Peter Arno include the top-hatted John Gower, ogling the giggling chroines through his monacle, and the brilliantly comic Berwick Kaler, bleary-eyed and hen-pecked, a cross between Edward Everett Horton and Robert Benchley. When his wife asks whose are the pink high-heeled shoes in their suite, his harassed reply of "Mine!" carries a strain of mad hopefulness.

The cast bares heart and soul and teeth, sweetly led by Barbara King (late of *42nd Street*) in the title-role. The secondary couple of wisecrackers are idiomatically portrayed by Amanda Dainty, a soft-centred telephonist to the *life, and Paul Reeves's hotel* clerk whose authentic tone in "Two rats fighting in your *bedroom? What do you expect* for four dollars—a bullfight?" certainly reminds me of one of our great Anglo-Italian hotel chains. A delightful evening of sheer entertainment.

Mark Hutchinson and Barbara King

Gubaidulina/Basle Music Forum

Andrew Clark

It says much for the new music tradition in Basle that within six months of the farewell concert of Paul Sacher's Basle Chamber Orchestra, another organisation has been brought into being to fill an identical role. Sacher's orchestra, founded in 1926, had given *the premieres of most of* his commissions, and relied almost entirely on his financial backing and artistic judgment. The guiding lights of the newly-constituted Basle Music Forum, which has just given its first concert, are Heinz Holliger, Jurg Wyttenbach and Rudolph Kelterborn.

Although there was insufficient time to commission something new for their first season, they have aimed for the same electric combination of contemporary, rare and old which Sacher favoured, and — a nice touch — invited him to conduct at one of their concerts. The city government has given generous financial support, and the *concert* hall in the Basle Casino was full on the opening night. As the programme booklet rather proudly put it, where else would all this be possible?

The first concert framed the orchestral arrangement of Shostakovich's Eighth String Quartet with two works which are *loosely related to the theme of offering or sacrifice*: the Webern/Bach "Ricercare" from "The Musical *Offering*" and Sofia Gubaidulina's "Offertorium" (1983), which starts by recalling Webern's treatment of the Bach theme, develops with echoes of Shostakovich's orchestral technique and emerges as an original and moving masterpiece.

The violin soloist in the Gubaidulina work was its dedicatee, Gidon Kremer, accompanied by the Basle Symphony Orchestra under Dennis Russell Davies. The lilting, gypsy-like quality in the solo writing gives it an almost improvisatory air, which suits Kremer's highly-strung, self-communing style of playing: it is a virtuoso part offering plenty of display, without detracting from the undemonstrative beauty with which the violin rises organically from the orchestral material. *Gubaidulina's fertile* use of a traditional Russian instrumental palette makes for an *arresting variety of sounds*, particularly in the tingling excitement and imagination of the percussion parts, and the sudden energetic explosiveness of the tutti. These episodic treasures overshadow the three-part structure of the work, which expires in a hymn-like synthesis of musical struggle *and repose*.

The Basle orchestra, a versatile and under-rated band, distinguished *itself* under Davies' secure and inspirational direction, setting standards which augur *extremely* well for the future of Basle's latest musical cause.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

September 25–October 1

Theatre

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King *Lear*, *Hopkins*, a massive gnarled oak, which gathers force and more friends as it continues *in the repertoire* (928 2252).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

The Balcony (Barbican): Sadly dated and heavy-handed opening to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its *creative capacities*. Terry Hands directs, Farrah's set looks like a cheap pink brothel and the actors, a dull lot, clump around on high boots in big bulging costumes. (628 8795).

Follies (Shaftesbury): Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque re-union in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

Melon (Haymarket): Alan Bates predictably good in new Simon Gray, clumsily *directed by Christopher* Morahan, about a jealous publisher viewed in flashback from a psychiatric ward after a breakdown. Menopausal mutterings, not vintage Gray. (930 9832).

Serious Money (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

Three Men on a Horse (Vaudeville): George Abbott's sprightly gambling comedy has transferred from the National. Geoffrey Hutchings in the *lead now joined by Toyah Wilcox* (836 9987).

NEW YORK

Fences (46th Street): August Wilson *hit a home-run, this year's Pulitzer* Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown *idea* of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the *feel* of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about *life past, present and* future, with a funny plot to match. (239 6200).

Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

WASHINGTON

Cabaret (Opera House): Hal Prince again directs Joel Grey as the seductive *master of ceremonies in a* Broadway-bound revival of the evocative musical of Berlin life in the 1930s. Ends Oct. 3. Kennedy Center (254 3770).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was hand-picked by the creative team of producer Cameron *Mackintosh (from* an astounding 11,500 hopefuls), then trained for nine months in a special "*ecole*" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

Saleroom/Annalena McAfee

Tyninghame to double

Sotheby's two-day sale of the contents of Tyninghame country house in East Lothian, *Scotland, yesterday continued* to attract strong bids from both British and international dealers *and collectors. By the end of* the morning sale yesterday, a total of £3.6m had been raised and Sotheby's *looked set to* double the figure of £2m they had estimated for the auction.

The top lot in yesterday's morning sale was Sir Thomas Lawrence's portrait of the politician George Canning, later Prime Minister. The portrait had been expected to fetch up to £60,000 but was bought for £159,000 by an anonymous collector. A Scottish private buyer paid £105,000, more than twice the estimate, for John de Critiz's portrait of James VI of Scotland (James I of England). An Italian private collector bought the companion portrait of Anne of Denmark, James's wife, for £66,000.

Sir Joshua Reynolds's portrait of the distinguished soldier John, Ninth Earl of Rothes, with a battle scene painted behind him, fetched £82,500 from an English private buyer while Reynolds's portrait of George, Second Marquess Townshend, went for £55,000 to the London dealer Artemis. A new record price for work by the artist Allan Ramsay was set when his portrait of Katherine, Countess of Morton, was bought for £60,500. The Scottish National Portrait Gallery paid £28,000 for Sir Henry Raeburn's portrait of Dr Alexander Carlyle.

In the furniture section, a set of eight George III mahogany chairs in Adam style, about 1780, more than doubled its estimate when it sold for £61,600. The New York dealers, Wellington Antiques, paid £52,800 for a George III four-poster bed with green silk curtains and valance.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday September 30 1987

Strategy for LDC debt

MUDDLING through is often an attractive response to unexpected crises. After all, if yesterday's way of muddling through turns out to be unsuccesful, there is always the opportunity to muddle through in a different way today. It was, no doubt, with this in mind that the finance ministers and central bankers of the developed countries developed their strategy for tackling the "debt crisis" after August 1982. The question is whether muddling through is still the best strategy or whether the governments of the developed countries should themselves provide resources to resolve the problem.

There are good arguments for more of the same. One is that it has worked. Another is that it may continue to work, as argued by Mr Martin Feldstein, former chairman of the US Council of Economic Advisers, in The Economist just a few months ago, when indicating that Brazil, the most important debtor, could grow out of its debt quite easily. Nevertheless, even under his assumptions one has to believe that Brazil will be prepared to transfer 2.5 per cent of GNP abroad in debt-service payments, year after year, for many years.

The relevant fact about sovereign debt is that debtors are weighing the economic and political costs of continuing to transfer substantial portions of national income to the developed countries against the penalties of default. Looking at political developments in such major debtors as Argentina, Brazil and the Philippines (though, strikingly, not Mexico) it is difficult to believe that more of the same is going to be feasible.

Moral justification

One reason for the difficulty is that debtor countries no longer believe they face a short period of trade surpluses, to be followed by renewed net transfers from abroad. Also relevant has been the decision of commercial banks, following Citibank's lead, to make general provisions against the developing country debt. The debtors wish to gain something from the willingness of the banks to recognise that these loans are of questionable value.

Finally, the debtor countries are aware that the underlying macroeconomic conditions of the world economy remain highly unfavourable: US borrowing looks like crowding them out of financial markets for many years; the chances are that any decline in the US current account deficit will be matched by reduced lending from surplus countries like Germany and Japan; and, finally, dollar interest rates are probably going to rise to maintain the dollar's external value.

In short, muddling through may not be enough and it probably should not be enough. There are strong moral and practical reasons for the developed countries to fund larger official transfers of resources to the debtor countries, including a substantial element of debt relief.

The principal moral justification is that the blame for the mess can at least be shared by the developed countries, whose policies since the first oil shock have often been not so very different from those rightly criticised in the principal debtors.

Debtor excesses

On the practical side, the developed countries have an interest, especially if the US deficit does decline, in promoting lending to the one large group of countries that clearly wishes to borrow. Equally, there is a strong developed country interest in avoiding the continued association in debtor countries between austerity and economic liberalisation, since that association is in danger of undermining the political legitimacy of all liberalisation, perhaps for a generation.

The main arguments against such official involvement are that it would merely reward incompetence and often the incompetence of relatively wealthy developing countries. These are powerful points, but the dangers can be exaggerated. Since the past excesses of debtor countries have already been severely punished, they will hardly rush unthinkingly into the same errors. More relevant is the danger that one may end up rewarding relatively rich countries for future actions that make servicing their debt more difficult. The solution to this is to make increased official assistance a reward for willingness to undertake liberalisation and other important policy improvements.

Muddling through is always easy, but is it enough? It is difficult to believe that the running sore of developing country debt will be healed without a willingness of major developed countries to contribute to the treatment.

Fresh start for Labour

THE MOST striking feature about the British Labour Party conference in Brighton this week is the absence of venom. There is also a sense of realism. The two go together.

Almost beyond living memory, Labour assemblies have been characterised by factions attacking each other, sometimes openly, sometimes covertly. If this process has not stopped, at least it is being reduced to the sidelines. The reason must be that the party has recognised the seriousness of its predicament.

Labour, after all, has lost three general elections in a row, and lost them badly. It is not like 1959, when again it failed thrice in succession but was still only a few percentage points behind the Tories in the share of the vote in what remained a two party system. This time there is a third party challenge from whatever the successor to the Liberal-SDP Alliance may come to be called. The party trails the Government by more than 10 percentage points and, with the exception of parts of London, is down and out in the south of England and doing none too well in the Midlands.

Conference realism

Not one of those facts is being hidden from view. Indeed the annual report of the party's National Executive Committee goes out of its way to draw attention to them. So have many conference speeches, including the keynote address by Mr Neil Kinnock, the party leader, yesterday. The position is desperate but not quite irretrievable. It can only be retrieved, however, if the party pulls together.

That is the main message of the conference so far and explains why the factions have lessened their feuding. The realism is apparent in two other ways, one good and the other less easy for outsiders to understand.

To take the second first. The party voted on Monday to change the system for selecting and reselecting its parliamentary candidates by giving more power to the trade unions. Each constituency will have an electoral college in which the unions will have 40 per cent of the vote. The system will be cumbersome, to say the least. A straightforward one member one vote approach would have been infinitely preferable. Yet it is a fact of life in the Labour Party that the unions are the paymasters. They wanted some return for their money. Besides, Mr Kinnock himself is a traditionalist at heart and had no desire to split the twin pillars of the labour movement: the parliamentary party and the unions. The new system is not very good, but it may not be disastrous and could, as some trade union leaders have said, be only transitional until such times as the party is ready to become fully democratic. Mr Kinnock could have pressed for more; he chose not to do so.

Fresh approaches

The undiluted good news is the policy review. As Mr Kinnock said yesterday, it will be open-ended in every respect. Indeed no party that has done as badly as Labour in recent years could seriously expect to go on as before unless the aim was political suicide. Cynics may say that Labour is simply throwing itself open to the market place. Others will argue that that is no bad thing, for if a country needs an opposition, it is right that from time to time the opposition should re-examine itself and be ready to begin afresh. That is what Mr Kinnock is now proposing, though without completely forgetting the old roots.

There is competition in the market place, of course: not only from the Alliance in new guise, but also from a Conservative Party which has not yet run out of ideas. Yet over the Alliance, at least, Labour does have some advantages. It has an organisation, it has money, it has some remarkably good young spokesmen and in Mr Kinnock it has a leader who is prepared to undertake the long haul and who, in the general election campaign, succeeded in giving the Tories a fright on such issues as health and housing. It would be unwise to write the party off and it is a thoroughly healthy development that it is prepared to start again.

Joe Rogaly assesses the probable impact of Mr Nicholas Ridley's White Paper on housing

Inch by inch to a market in homes

AT FIRST GLANCE the White Paper on housing produced by Mr Nicholas Ridley yesterday is a little thing, albeit his own. For the initial impression of anyone who reads its 19 marginally informative pages is likely to be that Britain's Secretary of State for the Environment has ducked many of the difficult issues.

Tax relief on mortgage interest will be continued. The Green Belts upon which houses may not be built remain (more or less) sacrosanct. Existing private tenants will continue to enjoy rent controls and security of tenure. Decontrol of new tenancies is limited. Every detail bears the mark of circumspection.

It is hard to believe that this is the work of a senior minister in a freshly elected Conservative Government whose purpose must surely be to restore the free market to housing. Pussyfooting is the word that springs to mind; hedging his bets the phrase. Can this be the same Nicholas Ridley who is still in there, all guns blazing, fighting to bring in a poll tax, which he is proud to say is regressive? Has he lost his nerve?

Not so, he avers. The new housing legislation that he is preparing, following yesterday's statement of policy, is in his view the most important thing he has ever done in politics, far more momentous that the community charge/poll tax.

For its primary purpose is to deregulate rented housing, partly by relaxing controls over private lettings and partly by enabling local authority tenants to choose other landlords (housing associations, private companies) for the homes they occupy. The net effect would be to break up the huge public housing estates and bring back private tenancies. If this does happen it will indeed be a major change. In 1914 about a tenth of Britain's homes were privately owned. The rest were rented from private landlords. Since 1915 successive acts of regulation have discouraged private lettings, but even at the outbreak of the Second World War some 58 per cent of dwellings were privately rented.

Regulation and rent controls were strengthened by Labour governments after the war, with the unsurprising consequence that the private landlords melted away; today they account for less than a tenth of all housing. Meanwhile local authority housing to let has risen sharply. Most of the rise has come since 1945, with council estates reaching a peak of nearly 32 per cent of the total housing stock in the mid-1970s.

Mr Ridley's firm intention is to reduce the size of the council estates and increase the private sector. He is apt to say that he is the greatest privatiser in the Government. More seriously, he is anxious for his policies to stick. There is a personal reason for this. His late father, the third Viscount Ridley, failed on two occasions, in 1934 and 1951, to persuade Conservative administrations to roll back controls. The son was brought up believing in their iniquity. The proposals in the Conservative election manifesto of last June, which are reflected in yesterday's White Paper, were conceived and written in by Ridley the younger himself.

Yet his strategy is quite obviously designed to minimise political opposition and convince investors that it is worth putting their money into rentable housing. Thus the White Paper offers up a few rather thin slices of a much longer salami: there will have to be more in years to come if a genuine market is to be created.

Take, for a start, the proposals on deregulation.

Conservative Governments have tried to free up private lettings several times since 1945. Subsequent Labour Governments have always overturned them. The decline in private lettings has not been halted. Prospective landlords have remained unconvinced. Mrs Thatcher's Government thought it was making a fresh start in 1980, with the introduction of shorthold tenancies, at "fair" (that is, well below market) rents, with guaranteed possession at the end of the fixed term. At first, all shortholds had to be registered; this was soon changed and outside London registration is no longer obligatory. Thus it is not possible to say how many landlords and tenants have reached such agreements. Mr Ridley acknowledges that it is very few.

The White Paper's proposed method of putting some life into this end of the market is by removing the tenant's right to seek registration of a "fair" rent and replacing it with registration of a market-based rent. If there is no local market against which to assess such a rent, it will be done by reference to a given rate of return on the value of the property with full vacant possession. This definition will be used for most private housing once Mr Ridley's proposals become law. In the specific case of shortholds there may be a refinement to take into account the relative lack of security of tenure—you have to get out when the lease expires. That could be quite soon, since the minimum length of a shorthold is to be reduced from a year to six months.

The progress of "assured tenancies," another 1980 device, has also been minimal. These were at first restricted to new homes, which could be let at market rents. Security of tenure and renewable leases were provided for. No more than 600 such dwellings came on the market. The rule was recently relaxed to include conversions, or "substantially renovated" dwellings. There are now some 3,000 assured tenancies.

Mr Ridley's paper proposes further changes to the rules. Individual landlords may not at present grant assured tenancies; they will in future be able to do so. The requirement for assured tenancy landlords to be approved by the Secretary of State will be abolished. Renewal procedures will be simplified. Since these tenancies are to be at freely negotiated rents, the idea is that long-term investors will not be deterred by the security of tenure that is provided for.

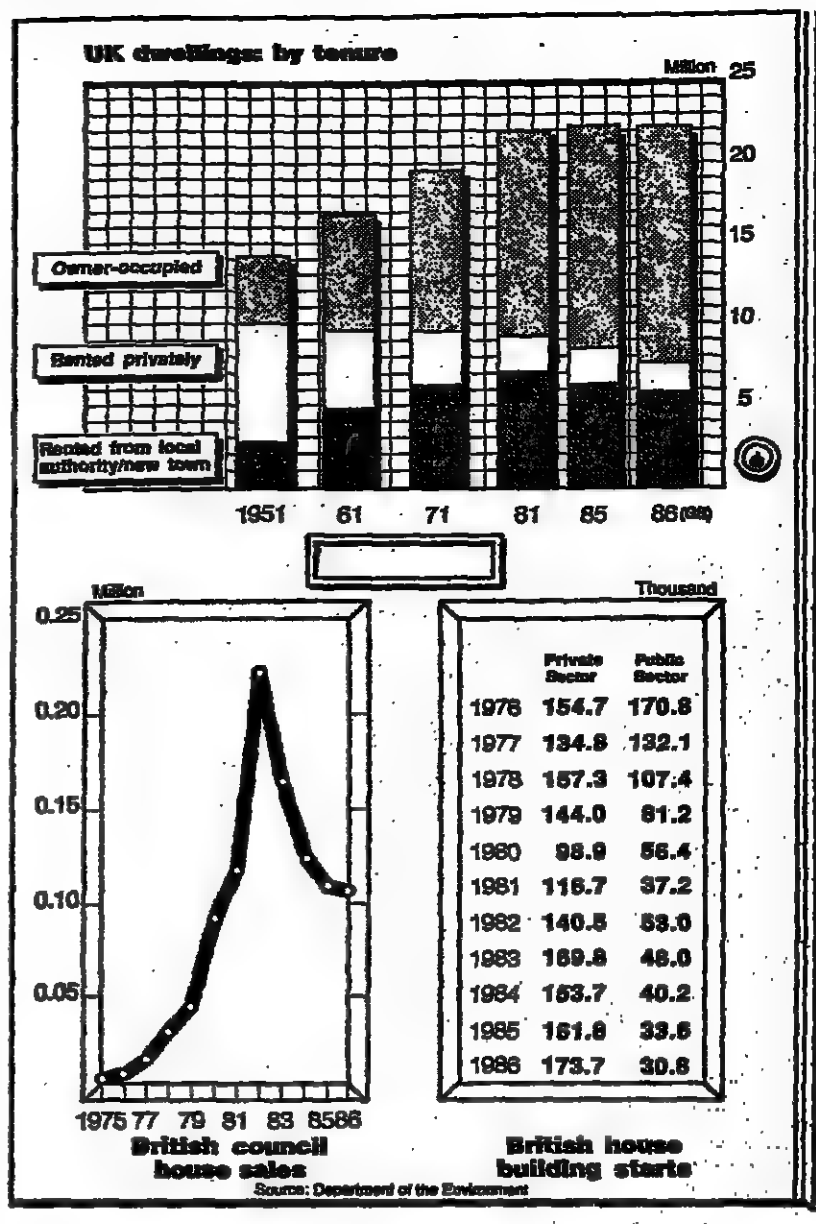
There are to be other minor changes. Most of the remaining controls on new lettings by resident landlords will be abolished, and the time it takes to get an eviction will be halved to six weeks. In effect, this will legitimise the extra-legal market for lodgings.

The Government's hope is that this combination of measures will in time bring half-a-million or more rentable homes currently held empty back on the market. My own view is that there is not enough salami on the plate to achieve that, even when you think about the coming run-down in council housing—although the proposals for the council estates do sound more grandiose.

Local authorities have already sold 1m dwellings to sitting tenants under the Tories' right-to-buy legislation. This will be strengthened. Discounts will be further increased. Perhaps a second million houses will be sold between now and the end of the century.

Meanwhile new council house construction has dwindled from some 100,000 a year in 1979 to less than 20,000 now. The intention is to bring it to a complete stop. All that would still leave some 5m council houses still on the books, if you include Scotland and Northern Ireland, which Mr Ridley's White Paper does not.

These tenants will be given the power to transfer to commercial landlords, the voluntary Housing Associations, or to self-management through co-operatives. (The latter has been shown to work well in the Labour stronghold of Glasgow). If blocks of flats opt out of local authority management individual tenants may stay with the council if they choose. But not everything is being left to self-motivated tenants.



	Private Sector	Public Sector
1976	154.7	170.8
1977	134.8	132.1
1978	157.3	107.4
1979	144.0	81.2
1980	98.9	56.4
1981	116.7	37.2
1982	140.5	53.0
1983	169.8	48.0
1984	153.7	40.2
1985	161.8	33.6
1986	173.7	30.8

In some city centres new ministerially-appointed Housing Action Trusts will be given powers over housing equivalent to those of urban development corporations over land-use development. There will be a straight transfer, presumably at no cost, from the local authority to the trust. Mr Ridley is excited by the models that show cash flowing strongly inwards in year three of these trusts, as they sell on to housing associations, tenants' co-operatives or commercial landlords the properties they have improved. Since his bill is unlikely to be through Parliament before July, 1988, and the trusts will take time to set up, there will be very little expenditure next year and the models will not be fully tested until after the next general election.

Much of the burden of all this will be borne by the housing associations, under the watchful eye of the Housing Corporation. There are some 2,000 such associations, all of them non-profit making voluntary organisations managed in the main by local worthies. They currently own some half-a-million dwellings. Future lettings will be on either an assured tenancy or shorthold basis.

The Housing Corporation's experimental 70 per cent private / 30 per cent publicly funded formula for developments will be extended; the White Paper is not specific about the amounts. But the associations are already concerned about the movement growing at a pace beyond its ability to cope — and about the need to seek more private finance.

Finance naturally lies at the heart of all these proposals. Local authorities will be obliged to isolate their housing accounts and operate them in a "more businesslike" way, details to follow in another paper in a few months' time. (The draft Housing Bill is so long and complicated that this part will be postponed until a second bill can be introduced). Housing Improvements grants will be means-tested.

And, everywhere, rents will rise. Private rents will rise. Housing association rents will rise. Council rents will rise. They will rise to market levels in the private sector and to a level that at the very least takes account of repair, maintenance and amortization in the public sector.

This is the part that the Department of the Environment has yet to sell to the Treasury. For as rents rise, so does the total of housing benefit, a social security payment that cannot be withdrawn if low-income families are to afford the Government's newly liberated houses. Even now some three-quarters of all tenants draw the benefit; as rents go up the proportion is likely to increase.

It looks like an open-ended commitment, but Mr Ridley has an answer. First, rent officers, responsible to his department, will assess market rents in the private sector, by reference to neighbouring properties or a reasonable rate of return to the landlord. Benefit will be restricted to that level, so that landlords and tenants cannot connive at establishing rents above it. Second, "affordable" rents, related to the type of tenants and their ability to pay, will be similarly assessed before grants are made to housing associations and the like.

Whatever the bottom line, it is money paid by the Department of Health and Social Security, but subtracted from the Department of the Environment's budget. Now watch this, says Mr Ridley. As house sales proceed, while new building stops, there is a profit on capital account. "And every public dwelling sold means less spent on repairs and maintenance (which in some cases are not covered by rent). Throughout the housing administration cash flows in.

So if you take housing as a whole, including benefit, he insists, the net effect is more housing for less taxpayers' money. It's a good story, of the kind that many a departmental manager has tried on his director of finance. No doubt the Cabinet will accept that you cannot have a sort of, half-way, mixed-up market in housing for nothing.

Men and Matters

IMF chooses its words

"Of course they have to love each other—they are all afraid of each other," commented one seasoned observer on the unusual harmony among Western finance ministers at this week's annual meeting in Washington of the International Monetary Fund.

The smiles were certainly in sharp contrast to last year's open warfare between the US and West Germany which sent funancial markets into a tail-spin.

But if everyone was agreed that there was too much at stake to risk another public slanging match some of the private bargaining was neither quite so elevated nor trouble-free.

Michael Camdessus, the IMF managing director, quickly found his judgment questioned by the man he beat for the job in a bitter battle earlier this year—Dutch finance minister, Onno Ruding. Camdessus had drawn up a balance sheet for the world economy, listing pluses and minuses in the outlook, and putting among the latter the depressed state of world commodity markets.

Ruding, in his role as chairman of the IMF Interim Commitee, was insistent that this was a plus—low prices might be bad for developing countries but were a boon for consumers in the West. Insiders said it took 24 hours for Camdessus to win the day.

Meanwhile, as the financial markets waited with bated breath, finance ministers of the Group of Seven nations had a problem or two with their wording.

An early version of their final communique shows that much of their time was spent arguing whether to say they were "pleased" with exchange rate stability, or more simply that it had benefited their policies.

The Europeans wanted the communique to stress the overriding importance of continued "success" in defeating protectionist pressures. The best that the beleaguered US Administration felt it could offer in public was continued "determination."

Central bankers did not escape their share of differences. Bundesbank president, Karl Otto Pohl, found himself at the centre of a row over the confidentiality of their meetings. Robin Leigh-Pemberton, Governor of the Bank of England, was said to be furious that Pohl had disclosed at a press conference details of a secret meeting held by the banks to discuss interest rates.

Other central bankers let it be known that just two weeks ago Pohl himself had opposed expansion of the central bankers' G-10 grouping because it might threaten the confidentiality of their get-togethers.

Risks and reward

The problems of finance minister and central bankers, however, were nothing compared to the risks faced by some hapless IMF officials. The US apparently is insisting that they don their flak jackets and head for Iran and Iraq to carry out routine assessments of those countries' economies. The officials have skipped the visits for the past two years — "We are not paid for war risk," said one, at the prospect of a trip to the Basra front.

Finally, though, it seems that there is some justice in the world of top level finance. At the last IMF meeting, Edouard Balladur found his plan for increased help for poor African nations pre-empted by Nigel Lawson, Britain's Chancellor, who announced his own initiative a day earlier.

This week, however, Balladur found himself being presented with the Finance Minister of the Year Award that most people thought would go to Lawson. The title, bestowed by Euromoney Magazine, was given to Balladur for his success in pursuing an idea that France stole from Britain — privatisation.

Unscreened

Security at the Labour conference in Brighton is tighter for some than for others. As a massive queue of anxious journalists built up for security checks outside the conference centre before yesterday's speech by Neil Kinnock, two figures hurried down the road and, ignoring the queue, went straight to the people in charge. "National TV," they cried, and were waved straight through lest the nation missed a single golden word.

Without trial

Old college ties linking a group of elderly Ethiopian women held without trial since 1974 and their Oxbridge contemporaries are behind a poignant vigil which takes place in London today.

Tenagnework Haile-Selassie, 76, daughter to the late emperor, and her four daughters are amongst a group of women held in Addis Ababa since the revolution of 1974. With her are four daughters — Aida Desta, 60, educated at Newnham College, Cambridge, Hirut, 57, educated at Clarendon School; Seble, 55, graduate of Lady Margaret Hall, Oxford; and Sophia, 58, who studied at the Froebel Institute, Roehampton.

Their friends and contemporaries have been quietly lobbying for the release of the women, and had hoped that Colonel Mengistu Haile Mariam would set them free last month, on the thirteenth anniversary of the revolution.

It did not happen, and former classmates have organised a four-hour protest vigil outside the Ethiopian embassy this afternoon.

"The ladies present no conceivable threat to the government", says Anne Jacobson (Newnham 1946-49). "As an act of compassion they should be freed."

Two chairmen

There are two newcomers to the select ranks of the trade union of London bank chairmen as a result of moves by ANZ Banking Group of Melbourne to give its British operations a higher profile.

William M. Clarke, director general and deputy chairman of the British Invisible Exports Council until he retired last June, takes over tomorrow as chairman of ANZ Merchant Bank. And at the end of November Sir Brian Shaw becomes chairman of Grindlays Bank.

The two London banking operations will each report directly to the parent company in Melbourne.

Shaw, aged 54, is a shipping man, chairman and md of Furness Withy for the past eight years.

Clarke, aged 65, becomes one of the very few financial journalists to have made it into the top position in a bank parlour. Before running the City-based Invisible Exports Council he was financial and industrial editor of The Times and editor of The Banker.

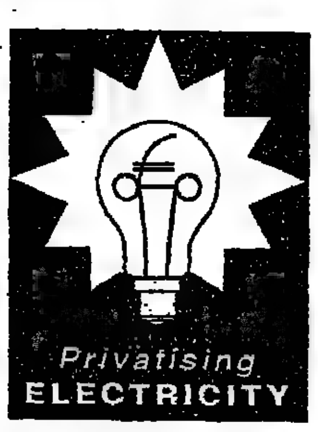
He is having a busy week. On Monday he signed a contract with publishers for a book to be called The Secret Life of Wilkie Collins, to be delivered next year.

Collins was a colourful Victorian author. His great grand-daughter Faith is Clarke's wife.

Observer

Competition, but with care

By Dieter Helm



INTRODUCING competition into the UK's largest utility must inevitably be a pragmatic affair. The extreme competitive version of the industry is not a political option and, indeed, it is unlikely to be an economic one. Competition cannot be created at the stroke of a politician's pen, just as nationalisation did not create social responsibility.

To avert the danger of the privatisation of electricity becoming another monopoly transfer, doing little for efficiency and creating another regulatory nightmare, the past mistakes in the British Telecom and British Gas case must be avoided. They need not, however, be repeated if the structural questions are properly addressed and existing sources of competition are built upon.

The single most important *principle governing structural* change is that each natural monopoly element should be separated from the potentially *competitive* business. In electricity, it implies that the grid and the area boards, as natural monopolies, should be kept apart from the generating side of the business.

Once this structural change *is in place*, regulation can be appropriately designed. Natural monopoly regulation is properly applied to the grid and local *distributors, and pro-competi*tion regulation is applied to generation. These are two quite different sorts of regulation, and they should not be muddled.

Failure to make the distinction creates great difficulty for the regulator, and in practice, as we have seen increasingly in the Telecom case, sucks the agency into deeper and deeper day-by-day scrutiny of business decisions. There *is, therefore*, a straightforward and stark trade-off—restructuring prior to privatisation or excessive *regulatory burden.*

The existing structure already has the major advantage of separating out local distribution from the grid *and from* generation. The major structural change required is, therefore, in practice the splitting of *the grid* from the CEGB. This separation is best done by creating separate companies, but a second best would be to create different accounting and profit centres within the utility.

It is hardly surprising that the CEGB objects to this idea. No organisation *likes* to have its sphere of influence diminished. They have voiced two main objections. The first *is its technical feasibility. This* is spurious. The grid can be separated—it was done before nationalisation, and it is done *in some other foreign utilities.* Power stations on the one hand, and bulk supply points on the other, create natural accounting *units. The second objection* concerns the co-ordination losses associated with the merit order. Co-ordination does not, however, require ownership, nor indeed does it require a completely planned and internalised merit order. More reliance on prices in other countries' electricity systems points to the possibility of alternative, more market-orientated, systems.

Having made the vertical separation of the grid from generation, and left the area boards intact as separate com*panies, the way would be clear* to concentrate on the introduction of competition into generation.

The practical problems of directly introducing competition through restructuring are immense. The lack of financial *track record*, the *special* problems of nuclear stations, the geography of the system, and the demands of the political timetable make the breaking up of the CEGB into several smaller utilities unlikely. Fortunately, however, more competition is possible without taking this step. This can be achieved by building on existing sources of competition.

Competition in electricity *supply arises in several ways:* competition in generation, competition between electricity utilities at the national and European level, and competition with other fuels (gas, oil). The first two can be considerably enhanced in privatisation, even if generation is not broken up.

In generation, pro-competition regulation should be built pragmatically on the 1983 Energy Act, which sought to liberalise electricity generation. The Act set the terms of entry for private generation with the publication of Private Purchasing Tariffs (PPTs) and charges for "Use of the System." It failed to achieve its objectives, for several reasons. The PPTs were set on the basis of the CEGB area boards "avoidable costs," and it left them to define what counted as an "avoidable" or "non-avoidable" cost. Whether *deliberately* or otherwise, this power has proved to be a major obstacle to competitive entry. The CEGB has progressively increased the non-avoidable elements and altered the unit rates to the detriment of the private sector. The lesson for privatisation is *clear* — a dominant CEGB cannot be left to set the terms of entry. That will be a job for the new regulatory *body. OFELECT*, reinforced perhaps by the possibility of legal challenge.

In addition to building on existing competition in generation, competition from other electricity utilities could be enhanced. Inter-utility competition will increasingly develop on an European scale as transmission costs fall and as the imbalances between supply and demand at the European level grow.

International competition will not however, develop naturally — the CEGB has little incentive to displace its own stations with imports. It is the area boards which have these incentives, and they must have "common carrier" access to the grid. *They will then* bid for the cheapest supplies, be they French, Scottish, CEGB or from the existing private sector.

The scope for competition is, therefore, considerable. A more efficient electricity industry can be achieved by building on the existing competitive forces. The separation of the potentially competitive activities from the natural monopoly elements is, however, crucial. Getting this main structural issue right, and setting competitive entry terms, will allow subsequent steps on the road to competition to be taken. If the government cannot, for political reasons, restructure sufficiently to reach the ideally competitive system, it can point the industry in the right direction. That will at least leave *OFELECT* with something to work on.

The author is research fellow, Centre for Business Strategy, London Business School and fellow in economics, Lady Margaret Hall, Oxford.

Stewart Fleming looks behind the downfall of two US presidential candidates

When the package comes unstuck


Democrats Joe Biden (left) and Gary Hart: no longer in the Presidential race

A COMMON thread links the *failed* presidential campaigns of senators Gary Hart and Joe Biden—it is the brooding figure of the brilliant but mercurial political consultant, Patrick Caddell, whom some leading Democrats describe as the Rasputin of their party.

In 1984 Mr Caddell's vision of a campaign focused on recruiting the "baby boom" generation to Gary Hart's cause nearly enabling the senator to snatch the Democratic Party's presidential nomination from the grasp of former Vice-President Walter Mondale, the candidate of the *traditional* party interest groups.

Before turning to Mr Hart, the bearded political consultant had tried unsuccessfully to persuade Senator Biden to enter the race as the champion of the "yuppie" generation.

Senator Biden, no doubt congratulating himself on the wisdom of his decision not to run against President Ronald Reagan in 1984, was ready to go in 1987. With Mr Caddell, who had left the Hart camp, as one of his team of political advisers and with the pollsters' themes of youth and idealism as the leitmotiv of his campaign, Senator Biden got off to a quick start.

But is it more than mere coincidence that the two candidates who had most recently adopted Mr Caddell's approach should be the first to see their presidential ambitions in ruins? In one sense, what has happened to Senator Biden and former Senator Hart is no accident.

In a parliamentary system of government, years of living cheek by jowl with their peers gives party members the information on which to base a choice of leader. In the US, the protracted presidential primary and caucus process, through which both parties select their standard bearers, is designed to winnow out the weaker candidates.

US electoral history is full of examples of presidential candidates who have seen their fates decided not by voters, but by what their admirers and supporters dismiss as trivial, unfair or malicious "accidents" which their critics portray as penetrating insights into the qualities of the candidate.

A simple question: "Why do you want to be President?" and his inability to answer it in a television interview was arguably the turning point in Senator Edward Kennedy's challenge to President Jimmy Carter in 1980.

So it is not surprising that Mr Hart, who had presented himself to the public this year as a loyal family man, should have fallen amid allegations (which he denied) that he had spent a night with a young woman while away from his wife.

Nor is it surprising that Senator Biden, who was presenting himself as visionary, orator and spokesman for youthful idealism, should be unseated by evidence that he or his advisers were filching some of his best lines from British labour leader Neil Kinnock, Robert Kennedy and even his rival, the Rev Jesse Jackson, and that his passion could translate into public tantrums, laced with *ill-judged misrepresentations* of his academic record.

For both men, the events raised question marks over the authenticity of their convictions. Competence and authenticity are qualities which, the polls suggest, voters will be looking for in 1988.

Some trace this more critical attitude to public disillusion following the unmasking of other public figures, notably President Reagan, as a result of the Iran/Contra affair; some to the Jim and Tammy Bakker scandal which exposed the television evangelist and his wife as charlatans. Others see it as a sign that more serious, political issues have failed to emerge.

There may, however, be more to it than this. Could it be that the generation which has grown up with television, and has learned to distrust the messages with which the image-packagers bombard them, is also struggling to look beyond the packaging of candidates by their political consultants?

"The voters are trying to get behind the TV image and get a real sense of who the candidate is," maintains Kirk O'Donnell, president of a Democrat *think tank—the Centre for* National Policy.

It is more than just the voters who are trying to get behind the *packaging*. The media, tortured and still agonising over the skilful manipulative practices of politicians, particularly President Reagan, is in no mood to indulge political candidates caught with their images down.

Seen from this perspective, Mr Caddell's role in the 1984 campaign, which made Mr Hart the early front-runner for 1988, and in Senator Biden's effort this year may indeed be significant.

His bid to shape two very different people into presidential candidates with the same message — designed to fit a marketing niche which his polls had detected in the nation's political culture — may have exposed the limits to which candidate-packaging can be pushed.

It may be harsh to suggest that Mr Hart and Senator Biden are not sufficiently substantial figures to be running for the Presidency. But that is the charge being made, particularly by some on Capitol Hill who know them well and who early on identified weaknesses which were to play a part in their downfall.

In Senator Biden's case it was the ubiquity of the television cameras, the medium which campaigners depend upon to build their candidates' image, *which made the biggest* contribution to his downfall.

There is no doubt, however, that "dirty" political tricks *were involved. Somebody pre*pared and distributed to the press a so-called "attack video" of Senator Biden using Neil Kinnock's lines. The juxtaposition of Senator Biden's pale replication with Mr Kinnock's passionate performance proved devastating.

The way in which their campaigns disintegrated may also be significant. It carries a message about the practicality of the tactic of appealing to the maturing baby-boom generation. "The generation concept is not a political constituency," says one Democratic Party strategist.

Lacking, as Senator Biden and Mr Hart did, vigorous support among traditional Democratic constituencies because of their rejection of interest-group politics, they also lacked the leadership of powerful opinion leaders when trouble struck.

The longer-term significance *of the failure* of the Hart and Biden candidates is being mulled over by those remaining in the race.

One concern is that the disintegration of two campaigns harms the image of the Democratic Party. "*It is damaging* in the sense that it reinforces the impression that we have too many insubstantial figures, raising the question 'why aren't the Democrats putting up their best candidates?'" says a party worker.

The remaining candidates in both parties are now on notice that their careless mistakes are more likely, in the video age, to haunt them—and, if image and reality clash, may prove fatal to their chances. For example, on the Republican side, Senator Robert Dole may have to be even more careful not to indulge his biting wit.

Pat Schroeder's decision not to enter the lists reflects, in part, her concern about *how* constantly having to play to the media would force her to adopt a style of campaigning which would damage, not help, her candidacy. "I could not bear to turn every human contact into a photo opportunity," *she says.*

"The circumstances surrounding the withdrawal of Hart and Biden reinforce the focus on the candidates as people," says one party analyst. Does it open up the way for new entrants? Not necessarily. "Unless you have some compelling theme or rationale, there is no added incentive. You cannot just get in because you think you are as *qualified* as those who are already there."

Letters to the Editor

Privatising electricity

From the Director-General, Council of Mechanical and Metal Trade Associations

Sir, — Whatever policy and organisation may be decided for the privatisation of the electricity supply industry, nothing must be allowed to endanger the programme for investment in new power stations. No new plants have been ordered for 7 years and it 's essential that the CEGB should proceed soon with the construction of those *now planned to come into operation* in the 1990s, in order to meet the demand forecast by them.

It would take several years to divide the generating sector of the industry into separate privatised entities and to establish the necessary track records before an offer to the market. For these practical reasons alone, division of the existing generating sector is not an available option if the investment programme is to be met, as it must. On the contrary, now that the decision to privatise the electricity supply industry has been made, it should be brought about with *all* speed to avoid uncertainty, and the damage that would thereby be done to the industry, its consumers and suppliers alike.

In the longer term, new private generating utilities are to be encouraged. These sources of power should have access to the transmission system in the same way as the major generating company. In this way competition will be introduced.

Harry Hornsby,
Artillery House,
Artillery Row, SW1.

Tax on capital gains

From Mr C. Beattie QC

Sir,—Your columns discuss at length *whether investments of* pension funds and lump sums payable to pensioners, private residences and certain other *assets should or* should not carry exemption from tax on capital gains. All these problems would be eliminated if Parliament were to take the sensible course of abolishing tax on capital gains. A capital gain is hardly ever wholly a real gain, as some part, and perhaps a large part, is an inflationary gain which the minor relief given by Section 86 of the Finance Act 1982 is insufficient to cover. But worse than that, because a chargeable gain arises only on a disposal or a deemed disposal of an asset, a capital gain can be held unrealised, with tax liability postponed, indefinitely. This leads to distortion of investment decisions: it may be best to refrain from the course which commercial considerations would dictate simply because it is better not to precipitate a tax charge. This is no way in which to operate a free market economy.

Charles N. Beattie,
24 Old Buildings,
Lincoln's Inn, WC2.

All capitalists now

From Mr P Chappell,

Sir,—It is always a pleasure both to agree and disagree with Patrick Carroll (28 September 1987). First, the disagreements. he suggests that we are all by nature spendthrift and would not save for our pensions (although not all of us will live long enough to need one) unless protected by tax advantages.

This is a prime example of the Nanny-State argument in operation. Governments do not know best and an open society rests on *the fundamental belief* that individuals separately will make better decisions for themselves than the state collectively. He neglects the fact that one man's tax privilege is another man's tax burden and that the only route to a simpler and fairer income tax structure is by broadening the tax base. Remember the prize — a single flat rate of 20 per cent, no higher rates and no gains tax.

If tax relief is so important, why not provide it for contributions to National Insurance, providing the basic pension *which all applaud? Is the pre*sent system equitable, providing tax relief of £24,000 a year to a senior manager on a salary of £100,000 a year and a 40 per cent contribution rate? Why a ceiling on mortgage interest and not on pension provision?

More importantly, however, I am delighted to see his challenge to the whole basis of funding pensions. He rightly ridicules the valuation basis introduced by the 1986 Finance Act, which is so generous that almost no fund could show a *surplus* on that basis. He goes on to question the propriety of pension funds holding risky equities against future fixed *commitments*. Funding pensions is, of course, a bookkeeping myth — all that has been done is to create claims on the *wealth creation* of a future generation and these claims are held, not by the pension funds directly as powerful institutions, but *merely* as trustees for their members. We thus all become shareholders in UK Limited and need it to succeed.

Personal pensions are a start in encouraging that understanding: unitising existing pension funds and returning them to their members would create a genuine share-owning *democracy and a solid base for* capitalism, with 16m shareholders. They would then decide for themselves the form *in which they wished* to hold claims on the future.

Philip Chappell,
Association of Investment,
Trust Companies,
16, Finsbury Circus, EC2.

Taking the UK into the EMS

From Professor L. Pressnell

Sir,—Mr Derek Prag's comments (September 25) on my letter about the UK entry into the EMS completely ignore the *crucial dilemma, from* which Samuel Brittan's original article had offered an insubstantial hope of escape. The dilemma *is that*, notwithstanding the possible rationale of formal commitment to exchange rate stability, such commitment has for over 60 years been adjudged in Britain to be excessively burdensome, both economically and politically.

If Mr Prag really regards as "curiously impractical and academic" my reminder of past problems over exchange rate stability, perhaps he will consider them and think again. Then he may be less dismissive of the amply documented difficulties of securing, in his loaded words, "what industry and commerce would call the minimum necessary degree of stability."

It was precisely "the virtual impossibility of effective long-term planning by industry and commerce" (Mr Prag's own words again) that was experienced when adjustment of exchange rates proved difficult in the past. Indifference to earlier experiences invites a rerun of the stop-go of the 1950s and 1960s, and perhaps of the deflationary pressures of the gold standard.

Entry into the EMS may indeed prove to be the only policy for the UK. My argument is that debate on its implications should recognise the fundamentals that Samuel Brittan's advocacy inadvertently underplayed, but of which zealotry like Mr Prag's takes scant account. Is it really possible to serve notice, on entering an exchange rate system, that the UK will withdraw whenever the going seems too rough? Were existing members *to tolerate* UK entry on such terms, would that not undermine in advance the intended stability of the exchange rate? *If the UK must face* the alternative, that membership must be sustained come what may—must seek steady exchange rates at almost no matter what the cost—so be it. But we should weigh the possible consequences responsibly, not wave them aside.

(Professor) L. S. Presnell.
Boundary House,
St Stephen's Hill,
Canterbury, Kent.

A caring society

From Mr A. Leaman

Sir,—Joe Rogaly's analysis (September 24) of the Government's approach to the personal social services, is well illustrated by the story of the 1986 Disabled Persons Act.

This Act, a private member's Bill sponsored by Tom Clarke MP with all-party support, received its Royal Assent in July 1986. Its provisions give important new rights of representation and consultation to disabled people and provide, for the first time, a legal basis for the advocacy schemes that are *enabling many to enter into* a proper dialogue with social services departments. Other sections would guarantee to *disabled school-leavers* and to those leaving a long-term hospital after a period of mental illness or handicap, a reliable assessment of their care needs to support a life in the community.

The Act's popularity with disabled people was seen in the two lobbies of MPs at Westminster and in the coalition of disability organisations which worked to gain support for it as it went through Parliament. Its objectives should command wide support since they are to increase the independence of disabled people and to enable them to be represented in decisions affecting their lives. It is an Act which will support care in the community.

Over a year later, the Government has so far managed only to implement some minor sections of the Act. Disabled people are becoming impatient at this slow, or negligible, progress.

Alan Leaman.
(Press and Parliamentary Officer),
Greater London Association for Disabled People,
336, Brixton Rd, SW9.

A tiny bit too far

From Mr L. Hollings

Sir,—"When the Conservatives first took office in 1978-1979 . . ." (Editorial, September 26). So Mrs Thatcher was the very first British Conservative Prime Minister? I've heard of the rewriting of history in favour of current holders of power, but may not this be going perhaps just a tiny bit too far?

L. A. Hollings,
5 Park Court,
Preston Park Avenue,
Brighton, Sussex.

FINANCIAL TIMES

Wednesday September 30 1987

Lionel Barber in Washington looks back at the eventful life of Henry Ford II, car-maker, who died yesterday

A rough ride for the emperor

HENRY FORD II, grandson of the founder of the Ford Motor Company and former chairman of the board, who died yesterday at the age of 70, was the driving force behind the group's successful post-war evolution into a world car manufacturer.

Under his stewardship, Ford was transformed from an ailing domestic manufacturer heading towards bankruptcy into a world producer with a highly integrated and profitable European operation. From its low point at the end of the Second World War, Ford grew to a peak in 1979 when it employed half a million people and made nearly 5m cars, making pre-tax profits of more than $1bn.

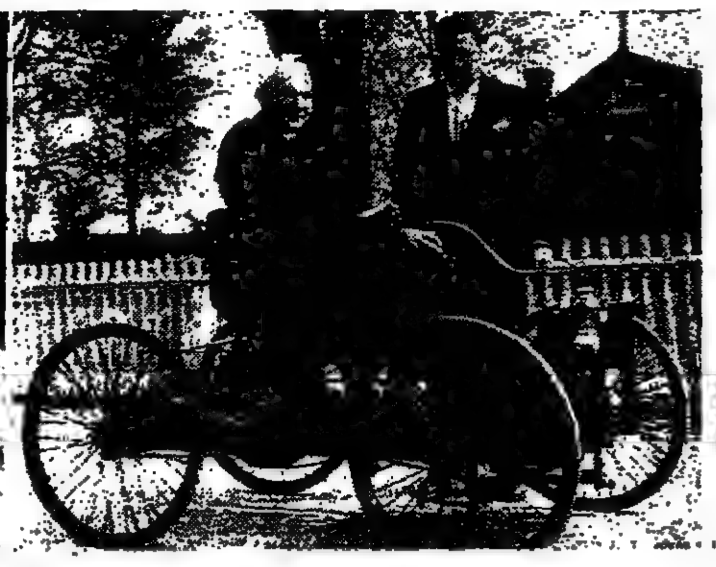
Henry Ford II was an anomaly in the modern industrial age. His unfettered private life bore the confidence of a man uninhibited by the judgment of lesser mortals - or shareholders. Even after the business went public, in 1956, Ford remained his company. His favourite phrase at board meetings was: "Well, gentlemen, as you know I only have one vote on this matter - and my decision is 'No'."

It was said of Henry Ford II that he did not so much have a hiring policy as a firing policy. For more than three decades, his control over the business rarely wavered, but it was shaken during the clash at the end of the 1970s with the pretender to the throne, Mr Lee Iacocca, now head of the Ford's US rival, Chrysler.

Born in Detroit on September 4 1917, Henry Ford II was the eldest of four children of Mr and Mrs Edsel B Ford. He grew up in a 60-room house. As a little boy he rode around in a child-sized railroad equipped with its own coal-burning engine. Before he was 10, he was driving a small British sports car on the family estate.

It was a fitting upbringing for the grandson of Henry Ford I, who became a billionaire on the back of his most famous car, the Model T. Henry Ford Mark II was always destined to play a leading role in the family business: the question remained only one of timing.

After graduating from Hotchkiss School in Lakeville, Connecticut, in 1936, he went to Yale University. An undistinguished student career ended when he was expelled for cheating in a final term examination paper. Eager to serve in World War II he signed up with a Navy training school near Chicago, but the premature death of his father, Edsel, in 1943 brought him back to Detroit.

Henry Ford II with cigar in late 1977, two years after suffering a heart attack and being advised by doctors to stop smoking, and in 1946 at the age of 29 with his grandfather

Edsel had been destroyed by the founder's refusal to step down and let him make the changes necessary to save the business. The company had fallen into the hands of bullying family cronies, some of whom had contacts with the underworld. Only war contracts had kept Ford alive.

Henry Ford II was only 28 when the founder finally said he was ready to step aside as company president in his grandson's favour. The decision had been largely prompted by Ford family members threatening to sell their shares if the presidency fell to the founder's gun-toting protegee, Mr Harry Bennett. The next day, the new boss fired Mr Bennett.

Ford was losing $9m a month and the young man had the sense to realise he was not up to the task of rescuing the company. What he needed was instant executives.

He turned to Ford's arch rival, General Motors. Over the previous two decades, GM had overtaken Ford with its fresh designs, higher quality, and professional management. Ford recruited a highly experienced GM accountant, Mr Ernest Breech.

He also hired a bright young management team known as The Whiz Kids who had run the US Air Force during the war. The group included Mr Charles B. Thornton, Mr Arjay Miller, and the best of them all, Mr Robert McNamara, the future US Defence Secretary and World Bank President.

The team began to convert the archaic operation to the corporate methods used at GM such as decentralised units and separate profit and loss centres. They were rewarded with stock options worth millions of dollars.

The public offering of Ford stock in January 1956 was its first post-war peak. It was an extraordinary success, bringing in $640m and 300,000 new shareholders. Most important of all, however, as Mr David Halberstam points out in his book, The Reckoning, it was a landmark in tax avoidance: thanks to the flotation scheme, agreed with the New York Stock Exchange, the five leading Ford family members saved some $300m in tax while keeping control of the company.

Ford's post-war expansion - riding the prosperity of the Eisenhower presidency - included 24 new manufacturing plants, 13 assembly plants, 21 parts depots and 21 engineering, research and office buildings. The company also established itself in financing, insurance, electronics, computers, space technology and the initially disastrous diversification into appliances

Ford himself was rapidly growing in confidence. The tall, pudgy-faced young man with a taste for antiques and art now wanted not just the top job but real control. In July 1960, in the wake of the failure of the Edsel model, Mr Ernest Breech resigned, the first of several top-level departures over the next two decades.

During the 1960s Ford to became increasingly involved with public affairs. He now had a second wife, Cristina, an Italian, and he switched political allegiances, accepting the offer of Mr Lyndon B Johnson, the Democrat President, to head the National Alliance of Businessmen.

In 1967, after the Detroit race riots in which 43 people died, he helped found the National Urban Coalition and, through its local counterpart, New Detroit, pushed hard to hire minorities. By 1970, Ford had recruited more than 20,000 people, many from the ghettos.

Ford's philanthropy - exemplified by the Ford Foundation (set up as a tax shelter in 1936) - matched a growing public profile. But his heart was still in car-making. His insistence on setting up a highly integrated European operation proved a brilliant success outshining its American sisters.

Some executives chafed under the regime, not least the up-and-coming Mr Iacocca. Despite his association with the failed Pinto model Mr Iacocca levered his way into contention for the top job. In 1970, in what Henry Ford was later to describe as one of his greatest mistakes, he appointed Mr Iacocca group president.

Ford soon realised that Mr Iacocca intended to run the company without outside interference. It was too much for the old man to bear. Ten years of turbulence followed, which the car maker, faced with a shrinking US market and inferior quality compared with Japanese and other foreign competition, could ill afford.

Ford's management became polarised between pro and anti-Iacocca factions. After what appeared to be a plotted coup Ford, bolstered in his office by his brother Mr William Clay, fired Mr Iacocca on July 13 1978.

At the height of the power struggle, Mr Ford found himself assailed on a second front: a flood of lawsuits alleging impropriety and corruption. Although all the charges were dropped in an out-of-court settlement two years later - and were almost certainly inspired by allies of Mr Iacocca - Mr Ford became increasingly embittered.

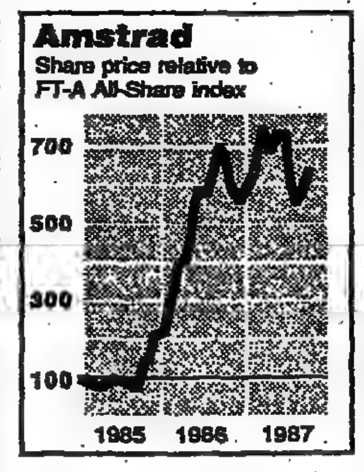
Nine months after he had blocked Iacocca's charge, he announced his retirement while retaining chairmanship of the all-powerful finance committee. Now in his third marriage, he spent much of his time in England mixing with the English aristocracy and game-shooting.

As the dynastic heir to what was once the world's largest family business, Henry Ford II died in the knowledge that he had rescued the business and at least shaped the management succession.

THE LEX COLUMN

Slower motion at Amstrad

When company chairmen promise a year of consolidation, the market braces itself for the worst. Yesterday's 10 per cent fall in the Amstrad share price was due not only to speculative ramping ahead of the results, but also to a residual feeling that the company's growth is a three-year bubble waiting to be pricked. Always assuming there is no disaster of the Sinclair or Fidelity type in the offing, Amstrad's change of policy could be just the thing to prove the market wrong.



Recognition that the company cannot go on doubling in size annually is only sober realism, and it is good to hear that Amstrad will not use its surplus cash to wander - in the chairman's own characteristic phrase - like a lost lamb with a shopping basket. The policy is rather to construct a more solid asset base through extension back into manufacturing and forward into wholly-owned distribution. The overseas emphasis, in particular, has parallels with successful drug companies like Glaxo; if you get so big that new products cannot keep the growth rate going, the only answer is to widen your markets.

The new approach will have a major effect on the balance sheet through the increase in working capital and fixed assets, and will correspondingly affect this year's profit and loss account. The implication is, though, that this year's growth will be in line with the market, taking off again the following year. On rough forecasts of £155m-£160m, the shares at 175p are on 9 times earnings, more or less as usual. If the new approach pays off one of these days, just think what a market rating would do.

Equity & Law

Just when Equity & Law was about to walk off into the sunset, arm in arm with its chevalier blanc, along comes Mr Ron Brierley and spoils the happy occasion with a 450p cash offer which smacks of blackmail. It is pitched 8p above Compagnie du Midi's part-paper offer and 15p above its cash alternative, but Mr Brierley has made it quite clear that he will quit being a spoilsport if the French will only increase their offer. Given yesterday's 31p rise in the Equity and Law share price to 456p, the market clearly thinks Mr Brierley is onto a winner. However, the matter is not so simple. The vast bulk of Equity & Law's profits flow back to policyholders and while shareholders would be well served if the board dropped its support for the Midi offer, it is far from certain that policyholders would prosper anywhere near as well under the leadership of Mr Brierley.

The company is more than fully priced at current levels, and this raises the question of how the new owners can earn a decent return on their investment. Mr Brierley remains disarmingly vague both about this and how he plans to improve the group's investment performance. He has done nothing to allay the very real fear, among policyholders at least, that they will be the ones that suffer over the long term. While he is undoubtedly well versed in the insurance business down under, he will be hard pressed to prove that his proposal can match Midi's in commercial logic.

Currencies

The message from the weekend's G7 meeting was so bland that it can hardly be used to argue that the dollar's decline has been reversed. Yesterday's jump in that currency owed far more to a scramble of short-covering, once a few large buying orders in the Far East had set the process rolling. There is also an expectation that US interest rates must be heading higher in order to make the dollar a more attractive parking place for free-flowing capital. That certainly squares with the performance of the US bond market yesterday which for once was falling on a rising dollar. And the same search for high yields was probably behind sterling's strength yesterday, which required Bank of England intervention to keep it under DM 3.

If the short-term technical rally in the dollar is to become a longer-term trend the currency markets need a great deal more convincing that the US trade deficit is improving. It is all very well for President Reagan to call on surplus countries to stimulate their economies, but both West Germany and Japan have good grounds for refusing to do more than they already have. And the cost of their intervention on behalf of the dollar has been a tightening of monetary policy. Meanwhile the attack on the US trade deficit from the other side, through the budget deficit, has been met with a fair degree of scepticism. Just signing a bill to reduce the deficit does not make it happen.

French market

The fall in the French market since last week's news of the accelerated privatisation programme may be politically naive. The task of absorbing four companies with a combined value of close to FFr 100bn in six months does seem a little stiff, particularly since the annual supply of new equity was only FFr 51bn as recently as 1984. But having created a new army of first time shareholders with the previous privatisations, Mr Chirac is hardly going to risk a bumpy market through next year's presidential elections. This has led some analysts to conclude that he has a few tricks up his sleeve. Using the partly-paid technique might help if it is feasible, but there are also unspecified rumours of novel inducements.

It may be that the supply burden on the market has in any case been exaggerated. About 20 per cent of the issues will go abroad, a further large chunk will be paid for by investors converting from Government bonds, and the special provision for employees and small shareholders is bringing in money from bank deposits and bottom drawers. And given that most of the receipts from privatisation will come back to the institutions through the repayment of Government debt, perhaps a Chirac sweetener becomes superfluous. Previous privatisation issues have not usually commanded a huge premium, but they have generally outperformed the market. Assuming that investors have been well fattened up for the election, market fundamentals remain strong, and the bond market stages its expected recovery, the problem for foreigners will be getting their hands on the favoured stocks. Time to make friends with a potential lead manager.

Publisher to flood UK with Spycatcher

BY JOHN HUNT AND RAYMOND SNODDY IN LONDON

HEINEMANN (Australia), publisher of Spycatcher, plans to flood the UK with hundreds of thousands of copies of the book within the next couple of weeks following the British Government's failure to get a further ban on publication in Australia yesterday.

The company is believed to be pushing ahead with plans for the earliest possible publication in Australia and simultaneously planning to print large numbers of the memoirs of Mr Peter Wright, the former MI5 agent, in EC countries for export to Britain.

"We think the floodgates are open now and they cannot be closed," one of those closely involved said yesterday.

The race to publish as many copies of Spycatcher as possible follows the rejection yesterday by Sir William Deane, an Australian High Court judge, of a British application to prohibit publication until the outcome of a leave-to-appeal hearing by the High Court scheduled for October 14.

Heinemann's solicitors emphasised yesterday that any appeal against Sir William's refusal to renew the injunction banning Spycatcher would not be heard until October 14.

"In the meantime the injunction will remain lifted and publication will proceed in Australia and elsewhere in the world," the statement said.

Copies of the book flown from the US are expected to be on sale in Australian bookshops within 36 hours and Australian printed copies should go on sale before October 14.

Yesterday the British Government was tacitly conceding that it could no longer prevent publication in Australia and was concentrating on trying to uphold the principle of confidentiality for retired members of the security services and ensuring that those who breach that confidentiality should not profit from it.

Downing Street said in a statement last night that the UK Government would continue its efforts to uphold the principle that Mr Wright owed a lifelong duty of confidentiality to the Crown.

"That principle is essential to the effectiveness of the Security Service and its vital role in defending the United Kingdom against esponiage, terrorism and other threats. Publication of Mr Wright's book in certain countries does not alter this principle," the statement said.

The Government also planned, by means of an application for an account of profits, "to ensure that Mr Wright and his publisher do not profit financially from his breach of confidence in writing Spycatcher."

It is far from clear whether the British Government could prevent the import of a book which was on the market in another EC country, but the signs were last night that it might not try. No instruction has been given to Customs officers to confiscate copies of Spycatcher

The Government decision to persevere with the appeal from the New South Wales Appeal Court was attacked yesterday by Mr Roy Hattersley, the Labour Party's deputy leader and shadow Home Secretary, who said: "It was always absurd of the Government to get involved in this case. Now they should drop it."

Thompson loses $200m Burger King account

By James Buchan in New York

J. WALTER Thompson, the US advertising agency, has lost its second largest client in a considerable setback for the company's new owner, WPP of the UK.

Burger King, the struggling US fast-food chain, announced that it was switching its domestic account, which has billings of $200m a year, from Thompson to N.W. Ayer, a privately-held agency that is America's oldest.

The account move, believed to be the largest in advertising history, is the first desertion by an entire company from Thompson's $3bn-a-year client list since the $566m takeover of Thompson and its JWT parent group by Mr Martin Sorrell's WPP in July. As many as 100 Thompson executives may be laid off.

But Wall Street does not expect a rush to abandon the giant agency, which is beset by runaway costs and has been in management turmoil since the beginning of the year. "Clients will be watching for six months or so," to see if WPP can bring stability, said Mr Greg Ostroff, an analyst at Goldman Sachs, the US investment bank.

Burger King, the Miami-based chain which is a distant second to McDonald's in the fast food market, said the switch "had nothing to do" with the agency's new UK ownership.

The company, which is a subsidiary of the Pillsbury food group, is struggling with flat restaurant sales

The announcement of the review undermined Wall Street's confidence in JWT and helped precipitate the takeover. Analysts say that some of Thompson's later advertising for Burger King was mediocre.

WPP, while evidently distressed by the loss of business second only to its Ford account, was putting on a brave face in London yesterday. Company officials pointed out that Burger King, which franchises 80 per cent of its more than 4,500 US restaurants, was a far-flung and expensive account to service and the business was not very profitable.

Mr Alan Gottesman, a highly regarded analyst at L.F. Rothschild in New York, said the loss was not disastrous. "Sorrell's objective to get Thompson's profit up to the industry average is not materially thwarted," he said.

Thompson is thought to be facing the loss of two other accounts: Discover, the Sears Roebuck credit card worth about $42m in annual billings, and Goodyear, worth about $25m.

Accord close on capital adequacy

Continued from Page 1

banks.

Japan and France are likely to join West Germany in arguing for a long transition period. The present capital requirements of Japanese banks are generally regarded as much looser than those applied in most other countries. Tighter rules could have implications for the privatisation of France's remaining state-sector banks, because of the implications for their capital ratios.

The officials said this suggested that the initial minimum capital requirements might be less than some central banks would like. The agreement would be important, however, in establishing the basis for a further tightening in future years.

European companies to create a paperless trading system

BY TERRY DODSWORTH IN LONDON

SOME OF Europe's largest chemical companies are setting up a computer-based paperless system to replace conventional ordering and invoicing by letter. It will be the first such large scale pan-European trading system to be created for a group of industrial concerns.

The scheme, to go into operation over the next few weeks, comes at a time of rapidly accelerating interest in electronic trading methods. It will initially be supported by 12 international chemicals groups, including Shell, Exxon, Imperial Chemical Industries, Montedison, Akzo and Ciba-Geigy.

Advocates of paperless trading systems, usually known as electronic data interchange, claim that they reduce costs substantially, while speeding up transactions and reducing scope for transcription errors.

The concept has proved attractive to industrial and retailing companies which process large amounts of paper, but has proved difficult to put into practice because of the problems of standardising information among businesses who prepare documentation differently.

In the past year, however, the pace of activity has picked up, particularly in Britain where the regulatory environment has been more encouraging to the use of telephone systems for interchanging electronic data.

One previous attempt at a pan-European system was made in the motor industry, but this was aimed at linking international trading groups rather than setting up a single integrated European scheme. The chemicals industry network, on the other hand, will directly link companies in West Germany, France, the UK, Italy, the Netherlands, Spain, Belgium and Switzerland.

The launch of the network is something of a coup for Geisco, the data handling subsidiary of General Electric of the US, which was chosen to organise the chemicals group over rival bids from International Business Machines and a unit of British Telecom.

Geisco's UK affiliate, International Network Services, in which ICL has a 60 per cent stake, announced a similar data interchange system for the shipping industry yesterday.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	24	75	Dubrovnik	S	22	72	Malta	S	31	88	Rhodes	S	27	81
Algiers	C	27	81	Edinburgh	S	15	59	Manchester	C	13	55	Rio de J'o	-	-	-
Amsterdam	C	14	57	Faro	S	25	77	Manila	-	-	-	Rome	S	26	79
Athens	S	26	79	Florence	S	22	72	Melbourne	C	18	64	Salzburg	F	12	54
Bahrain	S	34	93	Frankfurt	C	12	54	Mexico City	-	-	-	San Francisco	S	12	54
Bangkok	S	38	100	Funchal	S	25	77	Miami	F	23	73	Seoul	F	23	73
Barcelona	C	21	70	Geneva	F	13	55	Milan	F	17	63	Singapore	F	31	88
Beirut	-	-	-	Gibraltar	F	23	73	Montreal	S	14	57	Stockholm	R	9	48
Belfast	F	14	57	Glasgow	S	14	57	Moscow	C	8	46	Strasbourg	S	14	57
Belgrade	C	13	55	Guernsey	C	12	54	Munich	F	11	52	Sydney	S	27	81
Berlin	F	12	54	Helsinki	C	16	[illegible]	Nairobi	F	27	81	Taipei	-	-	-
Biarritz	S	17	63	H. Kong	C	26	79	Naples	C	26	79	Tangier	F	25	77
Bombay	F	30	86	Innsbruck	F	14	57	Nassau	-	-	-	Tel Aviv	S	23	73
Bordeaux	S	16	61	Inverness	C	14	57	New Delhi	S	34	93	Tenerife	S	27	81
Brussels	S	13	55	Islamabad	-	-	-	New York	S	18	64	Tokyo	C	21	70
Budapest	F	13	55	Istanbul	F	25	77	Nice	C	22	72	Toronto	C	19	66
B. Aires	S	18	64	Jakarta	-	-	-	Nicosia	-	-	-	Tunis	S	30	86
Cairo	S	32	90	Jersey	C	13	55	Oporto	S	24	75	Valencia	F	24	75
Cape Town	C	17	63	Jo'burg	H	11	52	Oslo	S	11	52	Venice	F	17	63
Caracas	C	29	84	Lima	-	-	-	Paris	F	13	55	Vienna	F	12	54
Casablanca	R	25	77	Lisbon	S	24	75	Peking	S	25	77	Warsaw	C	11	52
Chicago	C	14	57	London	C	14	57	Prague	R	9	48	Washington	S	18	64
Cologne	F	12	54	Los Angeles	S	18	64	Reykjavik	D	11	52	Zurich	S	12	54
Copenhagen	S	12	54	Luxembourg	F	11	52								
Corfu	S	27	81	Madrid	S	25	77								
Dallas	S	17	63	Majorca	R	20	68								
Dublin	F	14	57	Malaga	S	27	81								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Court finds Posner guilty of 10 tax evasion charges

MR VICTOR POSNER, a financier once reputed to be the highest paid US executive, was found guilty yesterday of tax evasion, Reuter reports from Miami.

Mr Posner pleaded no contest to charges that he evaded taxes by inflating the worth of land he donated to a Miami Bible college in the 1970s.

US District Judge Eugene Spellman then declared him guilty of 10 counts related to tax evasion and set a hearing for sentencing on December 4.

Mr Posner, 68, has amassed business holdings valued at a $4bn including Sharon Steel. He could be sentenced to up to 40 years in prison and fined as much as $75,000.

He pleaded no contest yesterday to 10 counts: one of conspiracy to defraud the government, four of tax evasion, and five of filing false federal income tax returns.

During last year's trial, prosecutors portrayed Mr Posner as a greedy businessman who had cheated the government and owed $1.25m in back taxes and penalties.

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday September 30 1987

Salomon shares jump as Perelman seeks a stake

BY RODERICK ORAM IN NEW YORK

SHARES of Salomon Inc., parent company of Wall Street's largest securities firm, soared yesterday following the announcement that Mr Ronald Perelman, an aggressive corporate raider, wanted to buy a stake in it.

Salomon's board rejected the offer made through Revlon, the cosmetics group which is Mr Perelman's main operating company. Instead, the board reaffirmed its preference to allow Mr Warren Buffett, a noted mid-West investor, to become its largest single shareholder in a $700m deal approved on Monday.

"Mr Buffett has obviously proven himself to be a shrewd investor. Our problem was never with Mr Buffett but the price he was paying for his shares," said Mr Donald Drapkin, Revlon's vice-chairman.

Revlon said yesterday that it still supported the current Salomon management but that it planned to buy the company's shares, based on prevailing market conditions, once it was eligible to do so. Revlon's notification under federal securities laws of its intention to take a stake becomes effective "in three to four weeks," Mr Drapkin said.

He declined to comment on reports that Revlon might buy up to 20 or 25 per cent of Salomon's shares. Revlon holds an "insignificant" number already and was not buying yesterday, he added.

Salomon's shares jumped $2¼ to $37 with more than 2m shares traded by early yesterday afternoon. Mr Perelman became interested in taking a stake in Salomon sometime ago when he learnt through his investment bankers that Minerals and Resources (Minorco), the Bermuda-based investment company of Mr Harry Oppenheimer, the South African Mining magnate, wanted to sell its 14 per cent holding.

It appears that Minorco came close to selling the shares to Revlon last week but Salomon swiftly arranged instead a two-step deal involving Mr Buffett. Salomon bought back Minorco's stake for $38 a share for a total of $809m and then sold $700m of new preferred shares to Berkshire Hathaway, Mr Buffett's main operating company.

Mr Perelman told Salomon he would buy shares on the same terms as Mr Buffett but accept a $42-a-share price to convert the preferred into common shares compared with Mr Buffett's $38. The higher price would have left Revlon with a 10.9 per cent stake against Mr Buffett's 12 per cent.

Salomon's board apparently decided, however, that Mr Buffett had more to offer than Mr Perelman in terms of an investment adviser

First-half earnings rise 40% at Stet

By Alan Friedman in Milan

STET, the Italian state electronics and telecommunications holding company, yesterday unveiled a 40 per cent jump in its gross pre-tax operating profit for the first half of 1987, to L257bn ($196m).

The increase in this parent company result partly reflects the merger last January between Stet and Seat, its telephone directory division.

At the consolidated group level, Stet unveiled a L2,984bn six-month gross pre-tax profit, up 30 per cent on the equivalent period of 1986. This was struck on first-half consolidated turnover of L7,300bn. The full year 1987 turnover is expected to rise by 11 per cent to L15,550bn.

Consolidated net debt at the end of June stood at L14,850bn. This included L12,600bn of medium-term and L2,250bn of short-term debt. The pre-tax profit figures shown above do not account for debt servicing charges.

Stet, which is part of the IRI state holding concern, controls SIP, the state telephone utility; Sirti, the cable laying subsidiary; Selenia, the electronics and defence business; SGS, the semiconductor company, now in a 50–50 venture with Thomson of France and Italtel, the telecommunications equipment maker.

Italtel is supposed to merge with Fiat's Telettra subsidiary to create Telit, an umbrella company. But last week Fiat opposed the appointment of Italtel's managing director, Marisa Bellisario, to the same position at Telit. The Stet board is believed to have discussed the issue yesterday, but no comment was made.

● Latina, the flagship insurance company controlled by Mr Carlo De Benedetti's Cofide holding group, yesterday unveiled a more than trebled consolidated net profit of L19.3bn for the first half of 1987.

Booming European sales lift Fiat to record level

BY JOHN WYLES IN ROME

A BOOMING European market for passenger cars and heavy trucks has helped carry the Fiat group to record first-half consolidated pre-tax profits of L1,820bn ($1.38bn) on sales of L19,847bn.

The results cannot be closely compared with the first six months of last year because they include for the first time the 1986 acquisitions of Alfa Romeo, Snia BPD, Iveco-Ford of the UK and Astra, a small Italian industrial vehicles manufacturer.

Overall group sales were 38.6 per cent higher than in the same period last year, and pre-tax profits were up by 17.3 percent. At L1,793bn, operating profits were 26 per cent higher.

As is now Fiat custom, the group has made swift and strenuous efforts to reduce its indebtedness, which at the end of last year had leapt from L708bn to L2,700bn as a result of debts carried by the new acquisitions. By mid-year, this had been cut to L424bn.

Fiat said that its operating profits were achieved despite a L200bn increase to £800bn in research and development costs, increased amortisations, lower-value dollar sales due to the decline of the US currency and inclusion of the "economically less strong" acquisitions.

Foremost among these is Alfa Romeo, which Fiat has said could break even this year, with the help of its incorporation with Lancia into Alfa-Lancia.

Despite a 4 percentage point increase in VAT on domestic Italian car sales, Fiat says it is confident of "a good profit" this year. Since higher taxes came in at the beginning of this month, domestic sales have registered some decline, but not serious enough to cause great concern.

Fiat has increased its share of a number of European markets to establish a leadership position of 15.3 per cent. But a fall of 40 per cent in the Brazilian car market is clearly affecting Fiat's subsidiary there.

Heavy truck sales by Iveco have risen 18 per cent to 58,086 units, including 6,692 sales by Ford and Astra. Iveco's Western European market share has risen from 17.1 per cent to 18.8 per cent.

Sales of agricultural tractors in Europe, however, have fallen from 24,155 units in the first half of 1986 to 18,387 and heavy earth moving vehicles from 3,631 units to 3,524 worldwide.

In other sectors, Fiat's civil engineering operations have boosted turnover 35.2 per cent to L242bn, telecommunications sales have risen 35.5 per cent to L267bn and newspapers and publishing 22.8per cent to L156bn.

New York head of SEC resigns

By Anatole Kaletsky in New York

INTERNAL DISAGREEMENTS in the US Securities and Exchange Commission over the prosecution of new insider trading rings on Wall Street have led to the resignation of Ms Kathleen Warwick, head of the SEC's New York office.

Ms Warwick, who is the commission's most important official outside its Washington headquarters, was appointed last year over the heads of several long-serving SEC officials, to run the agency 200-strong New York office.

Among the officials bypassed for promotion was Ms Anne Flannery, the head of enforcement, who had been responsible for investigating and prosecuting insider traders, alongside Mr Rudolf Giuliani, the US Attorney for New York.

Since Ms Warwick's appointment, there have been persistent rumours that she was downgrading the work of the powerful enforcement division and had delayed some of its insider trading investigations. The rumours came to a head last month, with Ms Flannery's resignation.

SEC staff said that the resignation was partly promoted by Ms Warwick's refusal to proceed with a major insider trading prosecution arising out of the earlier "Yuppie Five" case.

This case involved a ring of young lawyers and investment bankers which was broken by the SEC's New York office. SEC staff said that Ms Warwick had rejected Ms Flannery's recommendations to extend the case and proceed with further prosecutions which would have involved several prominent Wall Street bankers and arbitrageurs.

Olympia & York buys 6.18% of Santa Fe Southern Pacific

BY DAVID OWEN IN TORONTO

OLYMPIA & YORK, the Canadian property empire presided over by the Reichmann brothers, has acquired a 6.18 per cent stake in Santa Fe Southern Pacific, the Chicago-based rail company forced to restructure by US Government rejection of a proposed merger plan.

The company said that the purchase was made for investment purposes.

In a filing with the Securities and Exchange Commission, Olympia & York added that it had regulatory permission to boost its stake to 24.9 per cent. The level of any increased investment will depend, the company said, on "prevailing conditions," including the price and availability of Santa Fe shares and evaluations of the company's asset values and business prospects.

The move is likely to increase speculation that Santa Fe may fall victim to a hostile takeover bid. In July, the La Jolla-based Henley Group said it would seek permission to raise its stake in Santa Fe to just under 25 per cent from 5 per cent.

Santa Fe recently announced an ambitious restructuring plan which includes the buyback of as much as 38 per cent of its common stock. At current market prices, this would rank among the largest buybacks in corporate history.

As part of the plan, the company, which has significant holdings in trucking, pipelines, energy and resources, property and construction in addition to its rail operations, said that it intended to offer to the public part of an oil and gas unit and to spin off some of its property holdings.

Santa Fe is also seeking buyers for its Southern Pacific Transportation Company unit, acquired in December 1983, in order to comply with the Interstate Commerce Commission rejection of its plan to merge the railway with its Atchison Topeka & Santa Fe railway operations.

The acquisition of Santa Fe shares ties in with what appears to be an ongoing attempt by Olympia & York to diversify into natural resources and other areas.

While the brothers, whose business began as a Toronto tile importing firm in 1956, are traditionally reluctant to comment on long-term strategy, recent Olympia & York takeovers have included Gulf Canada, the energy concern, and Hiram Walker, the drinks group.

Dart Group raises bid for Dayton

By Our Financial Staff

DART GROUP, the US retailer owned by the Haft family of Maryland, yesterday increased the pressure on Dayton Hudson, the major US retailer, by increasing the value of its bid by more than $300m.

Mr Herbert and Mr Robert Haft, who control Dart Group, said in a letter to Dayton Hudson executives that they value the sweetened offer at more than $68 a share.

The latest bid values Dayton Hudson at $6.6bn, against the $6.33bn offered earlier and rejected last week.

● Revco, Ohio-based drugstore chain, yesterday named Mr Boake Sells, who resigned from the Dayton Hudson presidency last week, as chairman and chief executive, succeeding founder Mr Sidney Dworkin who is retiring.

Microsoft considers new site in Europe

BY TERRY DODSWORTH IN LONDON

MICROSOFT, the Californian software company which designed the operating system for the IBM personal computer, is considering a site in Europe for a new development centre.

Mr Bill Gates, chairman and joint founder of Microsoft, one of the fastest-growing high-technology companies in the US, said in London that the group would probably require another centre later next year. If Europe were chosen, he added, the company was likely to opt for a site in the UK.

Microsoft already has a European software manufacturing operation based in Dublin. It also has close links with the UK because of the large numbers of British programmers who have been engaged to work at the company's headquarters near Seattle.

The European expansion plans are related to Microsoft's strong sales in the region, where its growth has recently been at a faster rate than in the US. In the year to June, about $140m of the turnover of $340m came from overseas, most of it in Europe – France and West Germany, its two largest markets in the area, each accounting for about $30m.

Apart from the MS/DOS operating system for IBM, on which Microsoft is believed to receive a royalty related to unit sales, the company also markets a wide range of applications software designed both for the IBM personal computer and the Apple Macintosh.

It is now working on the operating system for the recently-launched IBM Personal System/2 range of computers. Mr Gates said that he expected this to be ready by the first quarter of next year.

INTL. COMPANIES & FINANCE

Danish travel group may be sold

By Hilary Barnes in Copenhagen

PASTOR EILIF KROGAGER, the West Jutland parish priest who created one of Scandinavia's biggest travel businesses, the Tjaereborg-Sterling Airways group, is near a decision to sell his life's work, according to persistent but unconfirmed reports in Copenhagen.

There is speculation that a statement may be made today following a meeting of the trustees of the group, called to approve the 1986-87 accounts. These are expected to show a pre-tax profit of about DKr120m.

Pastor Krogager, 77, who first entered business providing bus tours to Spain for his parishioners, has long made it clear that he would be prepared to sell if he could find the right buyer for the group, thought to be worth up to DKr700m ($100m).

Mr Jan Carlzon, chief executive of SAS, the Scandinavian airline, confirmed his company had been in contact with Tjaereborg through Hafnia Invest, the merchant bank offshoot of the Hafnia insurance group.

Maersk Air, the AP Moller shipping group's airline, and Stockholm-Saltzjoen, which is owned by Providentia and Investor, the Swedish investment companies dominated by the Wallenberg interests, which has interests in hotels and travel, have also shown an interest.

Plastics recovery boosts Solvay

BY TIM DICKSON IN BRUSSELS

SOLVAY, the Belgian chemicals group which is the country's second biggest industrial concern, yesterday announced a 28 per cent increase in net profits, to BFr5.99bn ($158m), for the first six months of 1987.

In an upbeat statement, Baron Daniel Janssen, the company's chairman, indicated that the economic climate in the current half year would be as favourable as that in the first but, because of the good showing in the later part of 1986, the profits growth overall would be less dramatic.

Consolidated sales were slighly down at BFr110.57bn, due to lower prices for raw materials (notably oil) and finished products. Sales volume was 8 per cent higher.

The company said that most of its plants operated at full capacity and no signs of a slowdown were foreseen in Europe or the US. Brazil, however, had entered a recession.

The group reported an increase in sales and profits for the Alkalis and Peroxygen divisions during the half year - they accounted for 27 per cent and 7.8 per cent respectively of sales in 1986 - but the strongest progress was made by plastics thanks to a strong recovery from previously depressed levels.

Solvay says PVC, high density polyethylene and polypropylene plants operated at full capacity and the margins allowed a normal profitability to be achieved.

The health division also achieved an improved performance but processing was alone in experiencing a decrease in sales and profits.

The results here did not include companies recently acquired - Manhusa and Saenger in Spain, Tekum in Austria - and did not take into account two others sold or in the process of being sold.

Baron Janssen said yesterday that the company was looking at the administrative complications of acquiring listings in London, New York and Tokyo and weighing them against the ease with which investors in these centres could already buy shares in Solvay.

The company's general strategy was to grow in Europe, grow faster in the US and even faster in Asia, where joint ventures were currently being contemplated.

Porsche forced to cut output

BY ANDREW FISHER IN FRANKFURT

PORSCHE, the West German luxury sports car maker, yesterday announced a drop in sales for the year to July, and said conditions would be harder this financial year as a result of currency trends and the weakening US market.

To cope with falling sales of its lower-priced four-cylinder models, the company is cutting output sharply. Competition from Japanese and up-market German producers has hit sales of its 924 and 944 models.

With sales in Germany down - although the overall market is strong - the proportion of its cars sold for export last year climbed from 79 to 84 per cent.

Total sales were 4 per cent lower at DM3.4bn ($1.9bn), with domestic sales sliding by 16 per cent, to DM660m. Foreign sales fell only 1 per cent, to DM2.75bn.

The relative stability of turnover abroad reflected price increases - 20 per cent in the US - and concentration on its more expensive six- and eight-cylinder models.

The share of unit sales going to the US, where business was 7 per cent higher, rose from 54 to 61 per cent.

Porsche said production of the 924 and 944 models was 11 per cent lower last year, at 28,600 cars, while that of its six- and eight-cylinder models (the 911 and 928) was up by 3 per cent, at 22,100 units.

Although giving no figures, Porsche said profits were satisfactory, in view of problems caused by the high D-Mark and weaker dollar and by the lower sales volume. In the previous year, net income fell to DM75m from DM120m.

The company said it would pay "a suitable dividend." The 1985-86 payment was DM16 on the quoted preference stock and DM15 on the voting shares held by the controlling Porsche and Piech families.

Porsche has already indicated that profits will fall below DM70m this year. As for 1987-88, when production is set to fall further - from 50,700 last year and 53,600 in 1985-86 - the company said conditions would be tougher.

Swiss engineer forecasts static earnings

By John Wicks in Zurich

GEORGE FISCHER, the Swiss engineering concern, expects 1987 group earnings to remain near last year's level, at SFr37m ($24.5m).

Group turnover improved by 3 per cent in the first eight months, to almost SFr1.28bn, while new-order value dropped 11 per cent, to SFr1.3bn.

While a high level of orders on hand should provide sufficient work for this year and early 1988, the outlook beyond next spring is less certain.

Last year Fischer stepped up its dividend from SFr25 to SFr30 per bearer share.

Haig Simonian on the flotation of one of West Germany's biggest retail chains

Co op issue a test for foreign bankers

SEPTEMBER has been a busy month for Mr Bernd Otto, the chief executive of West Germany's Co op retailing group.

Last week came a presentation to analysts in Frankfurt ahead of the company's forthcoming stock market listing. Hard on its heels have been roadshows in Zurich and London selling the group to international investors prior to an international share placing of almost 7 per cent of its stock.

Life has been almost as busy for Swiss Bank Corporation. Its Frankfurt subsidiary, Schweizerischer Bankverein (Deutschland), is leading the German element of the international issue, which should account for over half the shares, while Swiss Bank Corporation International (SBCI), in London, has overall responsibility for the international deal.

Both parties have a lot involved in the venture. For the bank in Germany it is as much a question of prestige as of potential profits. Floating the Co op is the first time a full-scale initial public offering has been led for a leading company in Germany by a non-German bank.

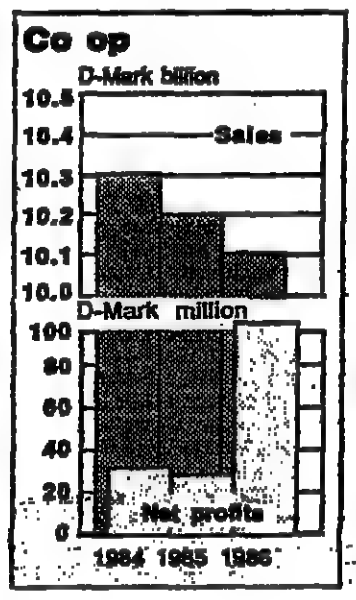
Banque Paribas' Frankfurt capital markets operation also claims that accolade following its initial public offering in July for Rheinische-Westfaelische Kreditgarantiebank (RWE). But RWE shares were only floated on the secondary equity market, and through a consortium with a large number of foreign banking names.

By contrast, the Co op deal, which is being co-led internationally by Dresdner Bank, involves a more typical 22 member domestic consortium in Germany, including a heavy contingent of prestigious private banking names like Sal Oppenheim, Merck Finck and Metzler.

The big three Bavarian banks are also involved, as is Deutsche Genossenschaftsbank (DG Bank) and the Bank fuer Gemeinwirtschaft.

The deal is particularly important for SBC's German subsidiary because both Deutsche Bank and DG Bank are widely believed to have turned it down - not because of the Co op's credit rating - after a difficult period the company has improved its performance considerably - but because a flotation was felt to be premature. One of the German banks, for example, is believed to have been prepared to take on the issue early next year.

While the flotation is an important landmark for the German market and for SBC itself, it marks an end to a lengthy period of uncertainty for the Co op itself. In December 1985, DG Bank unexpectedly dropped its plan to buy a 39 per cent stake in the group from a trade-union body for subsequent resale.



That stake was instead bought by German and Swiss co-operative organisations amid some confusion and embarrassment. Meanwhile, the Co-op's outside ownership was widened further in May 1986 when Amro Bank of the Netherlands bought a 7.3 per cent stake in the group.

The general impression of uncertainty about the Co op's stock market plans, along with its long-standing links with Germany's trade unions, which stepped in to support it 12 years ago when it ran into serious financial problems, have tended to leave a stigma over the group. For many, the Co op is still synonymous with old-fashioned and badly located stores controlled by the trade unions.

It is this image the present management under Mr Otto has been fighting hard to reject. Older grocery stores have been revamped or replaced by new Co op supermarkets offering the range of goods modern German shoppers require. Moreover, the group has diversified into new areas like shoes and do-it-yourself.

The results are already evident in its profits.

But the Co op's biggest advantage in the run-up to going public is probably the appeal of the German retail sector as a whole to investors. German equities have had a lacklustre year apart from a brief spurt at the end of the second quarter, but retail stocks have been one of market's better performers.

Restrictive shop opening times are a well-known constraint but, as the Bundesbank recently showed, Germans are tending to save less and spend more. Retailing stocks have risen accordingly, having also been buoyed by the prospect of substantial cuts in personal taxation next year.

How the issue will go remains to be seen. Pricing for the domestic flotation will be set after the Frankfurt Stock Exchange closes today, but shares will probably be launched in the range of DM150-DM175, according to Mr Rolf Levedag, a Schweizerischer Bankverein director.

One name conspicuous for its absence from the banks involved is Deutsche Bank. It is believed to have turned down the opportunity to lead the deal, and is not in the underwriting consortium.

Word in Frankfurt is that it is not pleased at the course of events, and is making its sentiments apparent.

If the Co op flotation is seen as a success, it may encourage more foreign investment banks in Germany to bid for new issue business. More important, a successful deal may tempt other German companies thinking about going public - and unhappy with the response they have received from domestic bank advisers - to chance their arm and go with a leading foreign name.

INTERNATIONAL CAPITAL MARKETS & COMPANIES

Equity warrants deal for Royal Bank of Scotland

BY CLARE PEARSON

MOST SECTORS of the Eurobond market weakened yesterday as the strengthening dollar depressed the D-Mark and yen sectors, while the dollar sector itself was downcast by the prospect of the US Treasury's delayed refunding programme which got under way yesterday.

Eurodollar bond prices lost around ¼ point yesterday, while Euroyen bonds fell sharply by around ⅜ point following an overnight sell-off in the Japanese government bond market which propelled the yield on the No.89 benchmark bond up to 6.15 per cent.

The Eurobond primary market focussed firmly on equity related issues. However, Swiss Bank Corporation International also caught the market's attention with a £50m equity warrants bond for Royal Bank of Scotland. This traded above its par issue price at 102 bid.

Dealers said the issue was helped by the strength of sterling while recent takeover speculation surrounding various British banks added appeal to the warrants.

The seven-year issue, which will be priced on or before October 6, bears an indicated 8¾ per cent coupon. Each £1,000 bond has 142 warrants attached, each buying one Royal Bank share at an indicated premium of between 2 and 5 per cent, giving an all-in warrant premium of between 24 and 27 per cent.

Among yesterday's Japanese equity warrants deals were a duo of par-priced bonds for Canon, led separately by Yamaichi International (Europe) and Nomura International.

Yamaichi International's five-year $300m issue, with an indicated 3⅛ per cent coupon, appeared to meet the firmer response yesterday, trading at less 1⅜ bid. Nomura's six-year $200m issue, by contrast, traded at less 2¼ bid, the level of its total fees. The bond carries an indicated 3⅜ per cent coupon.

INTERNATIONAL BONDS

The other deals of the day were a $100m issue, with an indicated 3⅛ per cent coupon, for Kao, the household products manufacturer and led by Nomura International; and a $40m bond for Senko, the transportation company, and a $30m issue for Ryoden Trading, the electricals concern, both led by Daiwa Europe. All three of the issues had five year lives.

Dominion Securities led a C$50m 10½ per cent debut Eurobond for Genelcan, General Electric's Canadian finance company. The deal, priced at 113¼, came with two-year warrants attached which each buy 1 oz. of gold at $458.90.

Hambros Bank followed up Monday's two issues in the Australian dollar sector for the World Bank and National Westminster Bank with an A$60m deal for GMAC Australia (Finance).

The bond, which is not being swapped, carries a 13 per cent coupon and is priced at 101¾. It matures in January 1991 and has a long last coupon period to give a yield to maturity of 12.01 per cent. Yesterday it traded at less 1⅜ bid, ⅛ point below its total commissions. In West Germany, domestic bond prices dropped by up to 60 basis points in low turnover, while the foreign bond market dropped by up to ½ point, with declines more marked on the longer end.

In Switzerland, the market was mixed, with some buying interest in shorter maturities. Some equity-linked issues improved thanks to the strengthening dollar.

Union Bank of Switzerland is expected to announce today a two-tranche bond for Oesterreichische Elektrizitats, the Austrian power company. The smaller tranche is for SFr60m over 11 years with a 5¼ per cent coupon and a par issue price, while the larger - a minimum of SFr120m and a maximum of SFr150m - is for seven years with a 5 per cent coupon and a 100¼ issue price.

Belgian first for Kredietbank

KREDIETBANK will become Belgium's first market-maker in Belgian franc bonds, following a move by the Finance Ministry to encourage non-resident investors to buy government bonds, Reuter reports from Brussels.

Kredietbank, already active in Eurobonds, would make a permanent market in about 10 government bonds from October 1, when the new measures would come into effect, the bank said.

Under the new rules, non-resident investors will be able to reclaim a 25 per cent withholding tax within a maximum of 10 days.

Mr Mark Eyskens, the Finance Minister, said when he announced the measures in July that the current procedure for reclaiming the tax was complicated and took an average of 18 months.

Kredietbank said yesterday that it would quote two-way net prices on Reuters monitor. Mr Jean Paul Parmentier, assistant institutional sales manager at Kredietbank, said Belgian government bonds traditionally had a maturity of eight years. Yields on new bonds currently stand at 8.28 per cent, while issues with three years left to maturity yield 7.56 per cent.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on September 29

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅛ 92	200	90¾	90¾	-0¼	-0¼	10.27
All Nippon Air 9⅛ 97	100	91⅜	92	0	-0½	10.77
American Brands 8⅞ 92	150	95⅛	95⅝	0	-0⅛	10.12
A/S Eksportfinans 7⅞ 93	100	88⅝	89	0	-0¼	10.14
A/S Eksportfinans 7¼ 92	150	91	91½	-0⅛	-0⅛	9.81
B.P. Capital 9⅛ 94	100	†96¼	96¾	0	0	9.80
British Telecom 7⅛ 96	250	83¾	83¾	0	-0¼	10.58
British Telecom 8⅞ 94	150	93⅜	93¾	-0⅛	-0⅜	10.23
Campbell Soup 10⅝ 95	100	101¼	101¾	0	+0⅛	10.19
Canada 9 96	1000	93⅜	93⅞	-0¼	-0⅜	10.14
Canadian Pac 10⅛ 93	100	101¾	102¼	-0⅛	-0½	10.24
C.C.C.E 7⅛ 91	113	91⅜	91¾	-0⅛	-0¼	9.75
C.N.C.A 7¼ 91	150	90⅞	91⅜	0	-0¼	9.90
Citicorp 8⅛ 93	200	†88⅝	89¼	0	0	10.85
Credit Lyonnais 9 91	200	97⅛	97⅝	-0⅛	-0⅛	9.90
Credit National 7⅛ 92	100	91⅛	91⅝	0	0	9.78
Credit National 7¼ 91	150	91⅝	92⅛	0	-2¼	9.67
Denmark 7⅛ 92	500	89¾	90¼	0	-0⅛	10.00
Denmark 8¼ 91	300	95⅛	95⅝	-0⅛	-0¼	9.66
E.E.C 7 91	100	91¼	91¾	0	-0⅛	9.54
E.E.C. 7¼ 93	250	88¾	89¼	-0⅛	-0¼	9.95
E.E.C 8¼ 96	100	88	88½	-0⅛	-0¼	10.34
E.I.B. 7⅛ 93	100	89	89½	0	-0¼	10.02
E.I.B. 9⅛ 97	150	93⅜	93⅞	-0⅛	-0½	10.43
Finland 7⅞ 97	200	84	84½	0	-0¼	10.60
Finland 7½ 93	200	89	89½	-0⅛	0	9.98
Ford Motor Cred 10½ 91	150	102⅛	102⅝	0	+0⅛	9.76
Ford Motor Cred 11⅛ 90	100	103¾	104¼	0	0	9.36
Gen.Elec Credit 10¼ 00	200	101¼	101⅝	-0⅛	-0⅛	10.04
G.M.A.C. 8¼ 89	200	99	99⅛	-0¼	-0⅛	8.77
Hoesch 8¼ 97	100	86¾	87¼	+0¼	-0¼	10.46
Hoesch 7⅛ 92	100	92⅛	93	-0⅛	-0¼	9.40
Hoesch 7⅞ 94	300	89⅜	89⅞	0	-0⅛	10.11
Liberty Mutual 8½ 96	150	88¼	88¾	-0¼	-0¼	10.56
L.T.C.B of Japan 8 91	200	93¾	94¼	-0⅛	-0⅛	9.93
L.T.C.B.of Japan 8 97	200	84¼	84¾	-0¼	-0½	10.70
Mercds-Benz Cred 7½ 93	100	90⅝	91⅛	-0⅛	-0⅛	9.60
Mercds-Benz Cred 8¼ 92	100	96⅛	96⅞	-0⅛	-0⅛	9.14
Mitsubishi Fin. 7⅞ 93	100	88	88½	0	-0⅛	10.53
Mutual America 7⅝ 92	100	91⅛	91⅝	-0⅛	-0⅛	10.19
Norway 7¼ 91	500	92½	93	0	-0¼	9.56
Pepsico Inc 7⅛ 93	200	88⅝	89⅛	-0⅛	-0¼	10.04
Prudential Crp. 8¼ 94	125	93⅛	93½	-0¼	-0½	10.16
Qantas Airways 10⅛ 95	140	98½	98⅞	-0⅛	-0½	10.63
Queensland Govt 10¼ 95	100	†97½	98	-0⅛	-0⅛	11.69
Ralston Purina 11¼ 95	150	†102⅞	104½	0	+1	11.02
Saab Scania 9½ 91	125	99⅛	99⅝	-0⅛	0	9.69
Saskatchewan 10¼ 92	100	102¼	102¾	-0⅛	-0⅛	9.95
State Bk S Aust 9¼ 93	100	95¼	95¾	-0⅛	-0⅛	10.36
Statoil 10 90	170	100¾	101¼	0	-0⅛	9.56
Swedish Expt.Crd.7¼ 91	100	91¾	92¼	-0¼	-0⅛	9.63
Swed Exp Cred 10 92	100	100¾	101¼	-0⅛	-0⅛	9.70
Sweden 7 91	250	91⅛	91⅞	-0⅛	-0⅛	9.60
Sweden 7 92	250	90½	91⅛	0	-0⅛	9.67
Sweden 8¼ 96	200	90¼	90¾	-0½	-1⅞	10.47
Sweden 8½ 92	200	95	95½	-0⅛	-0⅛	9.76
Taiyo Finance 7⅛ 94	100	86¾	87¼	0	-0¼	10.66
Toyota Motor Cred 8 89	100	†98	98½	0	-0¼	9.89
Toyota Mtr.Cred.7½ 92	150	90⅜	90¾	0	-0⅛	9.91
Victorian Rep 11⅝ 92	150	105¼	105⅞	0	-0⅛	10.00
World Bank 7 92	300	†90⅝	91⅛	+0⅛	-0⅞	9.65
World Bank 9 97	300	91½	92	-0⅛	0	10.37
Yasuda Trust Fin 8½ 93	100	91¾	92¼	-0¼	-0⅜	10.40

Average price change... On day -0⅛ on week -0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Arab Banking 5½ 92	150	95¾	96¼	0	0	6.50
Avis Fin.SVS 5⅞ 92	100	†98½	99	-0¼	-0½	6.19
Bank of Greece 6½ 95	150	94⅞	95⅛	0	-0⅛	7.41
Bank of Tokyo 5⅛ 93	100	†98	98½	-0½	-0⅞	6.13
BMW 5¼ 96	200	88¾	89½	-0⅛	-0¼	6.97
Degussa Int. 6 1/8% 97	200	92¼	93¼	0	-0¼	7.14
E.I.B 5½ 98	150	87⅞	88⅜	-0¼	-0¼	7.15
E.I.B 6 97	300	93⅛	93⅞	-0⅛	-0⅛	6.96
E.I.B. 6⅛ 96	300	93¾	94½	-0¼	-1	7.04
E.I.B. 6⅛ 97	400	93	93¾	-0¼	-1⅛	7.10
E.I.B. 6⅞ 95	300	99	99¾	-0⅛	-0⅞	6.97
Euro.Coal& Steel 5⅞ 97	175	91½	92¼	-0⅛	-0⅛	7.08
Eurofima 6¼ 96	100	95⅜	96⅛	-0⅛	-0¼	6.91
Elec De France 5⅞ 97	300	89½	90¼	-0⅛	-1⅛	7.23
Hoesch Int'l Fin.7 95	100	101⅛	101⅞	0	-0¼	6.75
I.A.D.B. 6 97	200	91⅞	92½	-0⅛	-0⅛	7.15
IBJ 5⅝ 96	200	89½	90⅜	-0⅛	-1	7.22
Japan Finance 5⅞ 97	100	90	90¾	-0⅛	-0⅞	7.19
Ireland 6½ 97	300	†95¼	95¾	+0⅛	-0⅛	7.16
Korea Dev BK 6⅛ 93	100	97⅞	98⅛	-1	-1⅛	7.00
Malaysia 6 -¼ 94	150	96	96½	-0¼	-0⅞	6.96
Mitsubishi Met 3⅛ 89XW	100	95⅛	95⅞	+0⅛	-0¼	5.37
Portugal 5⅛ 92	150	98¾	99½	0	+0¼	5.96
Portugal 6⅝ 95	150	97⅞	98⅝	-1⅛	-1⅛	6.92
Royal Insurance 5½ 92	300	†99¾	100¼	-0⅛	-0¼	5.49
Statoil 6¼ 97	200	†92½	93	0	-0¼	7.33
Soc Cent Nuclear 7¼ 95	150	101⅞	102¼	0	0	6.94
Societe Cent Nuclear 8 91	100	104⅛	104⅞	+0½	+0¼	6.59
Stewoag 5½ 96	100	93⅛	94⅛	0	0	6.46
Tokyo Elec. Power 6 97	300	†90⅞	91⅜	-0⅞	-0½	7.33
World BK. 6¼ 97	600	94½	95	-0¼	-0¼	7.25

Average price change... On day -0¼ on week -0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5⅝ 96	100	†100	100½	0	+0¼	5.59
AMR Corpn. 5¼ 01	200	†89¾	90	0	+1⅛	6.38
Asfinag 5 02	150	†96¼	96¾	-0⅛	-0⅛	5.35
Bayer W/W 2½ 02	250	†115½	115¾	+0¼	+1⅞	1.33
BBL W/W 2⅞ 97	300	†100	100¼	-0⅛	+0⅛	2.73
Elec.De.France 5 07	100	†98	98¼	+0⅛	-0¼	5.15
E.I.B. 4¾ 97	200	†96¾	97	-0¼	-0⅛	5.16
E.I.B 4⅞ 97	200	†93¾	94¼	-0¼	-1½	5.45
Enso Gutzeit 5 99	100	†98½	99	+0¼	-0⅞	5.14
Ireland 5 02	150	†93½	94	-0⅛	-0½	5.63
Newfoundland 5⅛ 02	150	†99¾	100¼	0	-0⅛	5.12
Polly Peck 6 92	75	†101½	102	0	0	5.53
Prov.of Manitoba 4¾ 02	200	†96¾	97	-0⅛	-0¼	5.16
Prov. of Quebec 5 03	200	†97	97¼	0	-0⅛	5.27
Qantas Airways 4¾ 97	110	†94⅞	95	-0⅛	+0⅛	5.43
SHV Holdings 4¾ 94	100	†98½	99	0	-0⅛	4.97
Tiroler 4¾ 97	100	†97	97¼	+0⅛	-0⅛	5.09
TNT 5 95	100	†100	100¼	0	+0⅛	4.98
Woolwich B/S 4½ 92	120	†97½	97¾	-0¼	-0¼	5.05
World Bank 5 02	200	†94½	95	0	+0½	5.52

Average price change... On day +0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅞ 94	45	91¼	91½	-0⅛	-0¼	6.34
E.I.B 4⅝ 94	40	90⅞	91¼	-0⅛	-1¼	6.30
Elec.De France 5⅛ 94	20	93¾	94⅛	-0⅛	-0⅞	6.29
Kansai Electric 4⅞ 94	60	91⅝	92	-0⅛	-0⅛	6.18
Norway 4¾ 92	60	92⅛	92⅞	-0⅛	-0¼	6.11
S.N.C.F. 4⅞ 95	20	93⅜	94	-0⅛	-0⅞	6.23
Sweden 5⅛ 95	20	96	96½	0	-0¼	6.25

Average price change... On day -0⅛ on week -0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/S Electrolux14½ 90A$	50	102⅝	103⅛	-0⅛	-0¼	12.73
American Brand 9½ 94 £	50	95⅛	95½	-0⅛	-1⅛	10.52
American Express OC.10 94	40	96¾	97¼	-0¼	-1	10.63
Bergen Bank 15 90 A$	50	†102¾	103¼	+0¼	+0⅛	13.22
BP Capital 13¼ 92 A$	75	103⅝	104⅛	-0⅛	-0¼	12.60
Chrysler Crp 10 91 C$	75	97⅝	98⅛	-0⅛	-0⅛	9.95
C.O.E. 8⅞ 95 LF	600	†104¾	105¼	0	+0¼	7.96
Creditanstalt 14⅛ 90	60	102¼	103¼	0	-0½	12.68
Denmark 7¼ 92 ECU	100	98⅛	98⅝	-0⅛	-0⅛	8.25
DG Fin. Co. 13¼ 90 A$	50	102⅞	103⅜	0	0	12.40
DG Fin. Co. 14 90 A$	75	103¾	104¼	0	0	12.25
DG Finance 14⅛ 92 A$	50	†107	107½	-0¼	0	12.15
Deutsche Bank 9⅞ 97 £	75	95	95½	-0¼	-0¼	10.67
Deutsche Bk.14¼ 92 A$	100	†106¼	107¼	-0⅛	-0½	12.06
Dresdner fin.13⅞ 91 A$	100	†104	104½	-0⅛	+0¼	12.30
E.I.B 7⅛ 91 ECU	100	97½	98	-0½	-0⅞	8.01
E.I.B 8⅝ 93 LF	1000	†103¾	104¼	0	-0¼	7.72
Euratom 7⅞ 97 ECU	145	†88½	89	-0¼	-1¼	9.18
Finland 6 91 FL	100	98¾	99¼	-0⅛	-0¼	6.27
G.M.A.C. 9 92 £	50	93¾	94¼	-0⅛	-1	10.66
G.M.A.C. 9¼ 92 C$	75	97⅛	97⅝	-0¼	-0¼	9.88
G.M.A.C Aus.Fin.14 90 A$	50	102¼	102⅝	-0¼	-0½	12.88
Halifax BS 10⅝ 97 £	100	95¾	96	-0⅛	-0⅞	11.12
Helaba Fin. 13⅞ 96 A$	75	103⅛	103⅝	0	0	12.69
Imp Chem Inds 10 03 £	100	92⅝	93⅛	0	-1⅛	10.96
Inv.In Ind.Intl 10 93 £	60	96⅝	97⅛	-0¼	-0⅞	10.75
Land Securities 9½ 07£	200	†82	82½	-0⅛	-1¼	11.85
Leeds B.S 10½ 91 £	50	98½	99⅛	-0¼	-0⅞	10.90
Mort.Bk.Denmark 6 91 FL	150	97½	98	0	-0½	6.63
Nat.Australia 14 92 A$	50	102⅛	102½	-0⅛	-0⅛	-0.32
Nationwide BS 10⅛ 93 £	75	96⅛	96¾	-0⅛	-1	10.97
New Zealand 7⅛ 93 ECU	200	93⅞	94⅜	-0½	-1½	9.15
Oesters.Ktbk.13⅝ 94 A$	75	102	102⅝	-0⅛	-0¼	13.12
Prudential Fin.9⅞ 07 £	150	85⅝	86⅛	+0¼	-1½	11.16
Royal Ins 10⅛ 92 £	60	101⅛	101⅝	-0⅛	-0½	10.36
Royal Trustco 10⅛ 90C$	75	98⅜	98⅞	0	-0⅜	10.88
Sainsbury.J 10⅞ 93 £	60	99⅝	100⅛	-0⅛	-0⅞	10.88
S.D.R. 7⅛ 95 ECU	90	93⅛	94	-0¼	-0⅛	8.92
Tsthouse Forte 11⅛ 90£	50	101	101½	0	+0⅛	10.47
Thyssen 7¼ 90 FL	50	102	102½	0	0	6.38
Wessanen 6¾ 90 FL	50	101¼	101¾	0	+0¼	6.18
World Bank 11¼ 95 £	100	102¾	103¼	+0¼	-1⅛	10.63
World Bank 13⅝ 92 A$	100	102⅛	102⅝	-0⅛	-0¼	12.69

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	.0312	100.06	100.16	17/06	6.14
Alliance & Leic.Bld 94 £	.08	99.09	99.14	20/04	9.89
Belgium 91	0	99.78	99.88	19/02	6.69
Britannia 5 93 £	0⅛	99.64	99.69	8/04	10.06
Chase Manhattan Corp 93	0⅛	99.12	99.37	20/08	6.56
Citicorp 98	†0⅛	97.55	97.80	27/02	6.63
Credit Lyonnais 5 00	0⅛	98.73	98.83	13/07	6.19
EEC 3 92 DM	0	100.11	100.19	20/02	4.19
Halifax BS £ 94	.1	99.43	99.48	6/05	8.97
Midland Bank 01 £	.1	96.80	96.90	9/05	8.91
Milk Mkt.Brd. 5 93£	0⅛	99.53	99.58	30/03	10
New Zealand 5 97 £	.07	99.47	99.57	16/05	11
New Zealand 5 01	0	99.44	99.54	4/08	6.31
Shearson Lehman Hldx 91	†0⅛	99.40	99.65	6/05	7¼
United Kingdom 5 92	0	100.06	100.12	7/04	6.31
Woodside Fin. 5¼ 97	0	99.61	99.71	28/04	7.06
Woolwich 5 95 £	0⅛	99.39	99.44	19/05	10.62

Average price change... On day +0.00 on week +0.06

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02	8/87	62.	115½	116½	-0½	17.65
Alco Health 6¼ 01	7/86	26.25	87	88	-0⅞	37.13
American Brands 7⅛ 02	9/87	56.7	114¼	115¼	+0¼	14.15
American Can Co. 5½ 02	†4/87	66.75	90	91	0	37.29
Ashikaga Bank 2⅛ 02	4/87	996.	110⅝	111⅜	-3⅝	-4.18
Asics 5 92 DM	12/89	472.	155¼	156¼	+2	6.28
CBS. Inc. 5 02	4/87	200.	113¼	114¼	+2	5.81
Chiba Bank 2⅞ 02	1/87	830.	185⅞	187⅛	-5⅞	0.47
Fuji Hvy Inds 3 00	8/85	676.	154⅛	155⅛	-0½	1.72
Fujitsu 3 99	5/84	1109.	212⅛	213⅞	-0⅞	-0.45
Gunma Bank 2⅞ 02	4/87	808.	129	130	-4	-3.90
Minolta Camera 2¼ 94DM	2/86	1105.	97¼	98¾	+1	30.60
Mitsui trust 2⅞ 01	10/86	1990.	138⅞	140⅞	-6¼	-0.56
Murata 3½ 00	7/84	1998.	267	269	+1¼	2.30
Nippon Elec 2⅞ 00	1/85	1295.	313½	314½	+7	2.42
Oki Elec Ind 3½ 99	10/84	805.	187¾	189¾	-2⅞	1.24
Omron Tateisi 2⅞ 02	4/87	1350.	138⅛	139⅛	+0⅛	3.77
Redland 7¼ 02 £	1/87	5.5	108⅞	109⅞	+0⅛	17.95

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Foreign bank rules eased in France

By George Graham in Paris

THE FRENCH Government has relaxed its restrictions on the access of foreign banks to the Paris financial markets.

French subsidiaries of foreign banks are to be allowed to lead-manage issues of bonds denominated in French francs. Foreign banks have previously been limited to the role of co-lead, or occasionally joint lead, in the FFr300bn ($49bn) a year French primary bond market.

Mr Jean-Pierre Girard, head of bond operations in Paris at Shearson Lehman, the US securities house, said: "This is uncontestably very good news for foreign-owned banks."

The French finance ministry said yesterday that permission to act as lead manager would be granted only to banks which could show that they had sufficient resources in terms of people, capital and equipment to ensure the syndication and placing of bond issues and an adequate secondary market.

In addition, reciprocal treatment would be demanded for French banks in the country of origin of any bank seeking authorisation.

The finance ministry has been trying, however, to encourage foreign banks into the French franc market and to promote the placing of French government and other debt with overseas investors.

France's bond market has expanded rapidly in recent years. Gross issues reached FFr351.5bn last year, three times as high as they were five years earlier and eight times as much as a decade ago.

Total turnover in the Paris secondary bond market climbed to FFr1,673.6bn in 1986, 20 times the volume of 1981 and 60 times that of 1976.

The expansion of the bond market, however, has slowed over the last 18 months as France's equity market has gathered pace, spurred by the success of the country's privatisation programme.

Profits available for banks in the bond market have also shrunk, partly because of increased competition and the growing uncertainty of interest rate movements, but also because the state, followed by other state-backed bond issuers like the Credit Foncier or CAECL, the local government financing institute, has moved increasingly to bond auctions rather than syndicating its new issues.

Mr Girard of Shearson Lehman said: "We have seen some issues recently which have clearly been intrinsically profitable, though they may have had other banking bonuses for the lead managers. I do not think that many of the American houses - it is certainly not our strategy - would be interested in managing issues at a loss."

Continental to issue 2.4m shares

By Adrian Dicks

CONTINENTAL, the West German tyre and industrial products group, is on the point of launching a two-part issue of 2.4m new shares to help fund the $650m it paid earlier this year for General Tire.

Half the new shares will be offered as a discounted rights issue to existing shareholders. The remainder will be offered to international investors in the form of a placement at current market prices. This portion of the issue will be lead-managed by Deutsche Bank, which also led the successful multi-currency bond issue for the company earlier this month.

The bond and equity issues will have contributed roughly half each of the purchase price of General Tire.

Continental (formerly Continental Gummiwerke) is "cautiously" forecasting an increase in net profits per share of at least 10 per cent for 1987, Mr Horst Urban, the chairman-designate, told financial analysts in London yesterday.

In 1988, the group's total net profits should increase by over 50 per cent thanks to its absorption of General Tire.

Singapore fee change delayed

THE STOCK Exchange of Singapore (SES) announced yesterday that a graduated commission structure, which was to start on October 1, has been postponed, Reuter reports from Singapore.

This follows a decision by the Kuala Lumpur Stock Exchange to defer the common sliding brokerage fees, after members failed to agree on the phrasing of the resolution. It is the third postponement of the new system, which was originally to have began on September 1.

Under the proposed commission system, the rate will be 1 per cent on the first S$250,000 (US$120,000)contract, decreasing by 0.1 percentage points for every subsequent S$250,000. On contracts exceeding S$1m, the rate will be negotiable but with a minimum charge of 0.5 per cent.

Alexander Nicoll on the challenges facing London futures

Liffe in search of greater liquidity

WHEN THE first bell was rung to launch trading five years ago today, the founding fathers of the London International Financial Futures Exchange (Liffe) did not know what to expect.

"I had no idea where we would be in five years' time," says Mr Michael Jenkins, chief executive since the start.

Financial futures had developed rapidly into a huge industry in the US since the early 1970s. But it was not at all clear that the swashbuckling atmosphere of the Chicago trading pits could be imported successfully into London.

Europe's early ventures into derivative products had not been auspicious: traded options markets in both London and Amsterdam were still growing very slowly.

London was also slow to catch on to futures. Growth in Liffe's trading volume was steady but slow in the early years.

But now, the picture is very different. Futures and options are viewed simply as an integral part of UK financial markets.

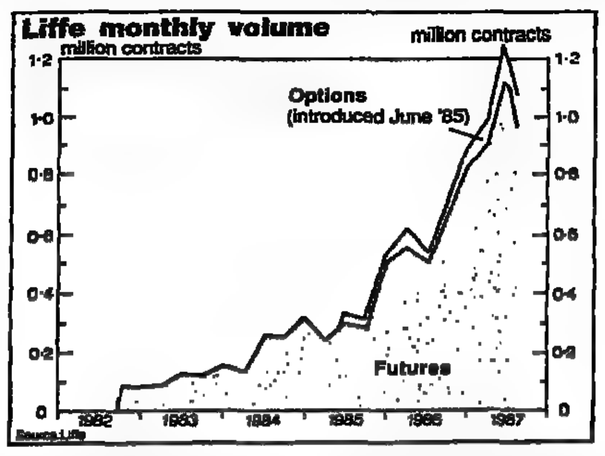
London's Big Bang reforms last year have helped to produce a huge rise in trading volume of futures and options on long-term gilt-edged securities, to the extent that Liffe is in danger of becoming a one-product exchange.

Liffe's success can probably be measured most tangibly by its seat prices, now running at £260,000 compared with £20,000 at the start. Options trading permits, initially sold only two years ago for £7,500, now trade at £80,000.

Daily average volume so far this year is 51,978 contracts, more than double that in the same period of 1986. Long gilt futures trading is averaging 28,176 contracts daily, 253 per cent up on the rate a year ago.

Nevertheless, the challenges which Liffe faces now are probably equally as great as in 1982.

First, it must deal with the high entry costs created by rising seat prices. These are viewed as keeping new capital out of the exchange, and endangering the liquidity of less active contracts because so much trading capacity has been concentrated in gilts. Each Liffe seat entitles the holder or lessor to just one trader on the floor.



Liffe plans, subject to members' approval, a rights issue of permits to trade the less active contracts. This would be designed to boost trading capacity without diluting the value of existing seats.

Secondly, Liffe is threatened - like all other established futures exchanges - by the related phenomena of off-exchange instruments, automation, and round-the-clock trading.

The financial houses, which have essentially taken over the futures business from commodities traders, increasingly want to manage risk as cheaply, efficiently and quickly as possible.

They are not fussy about where they trade. If futures exchanges do not meet their needs, there are a growing array of off-exchange products which might do so, provided they develop sufficient liquidity.

As part of its drive to meet such demands, Liffe is forging a link with the Chicago Board of Trade under which the two will eventually have "fungible" contracts - so that a position can be opened and closed on separate exchanges but attract only one set of transaction and margin costs.

Liffe has also been a prime mover in a re-vamping of London clearing arrangements.

But meanwhile, the Chicago Mercantile Exchange has struck a deal with Reuters, the UK-based information group, under which CME contracts will be dealt on Reuters' screens while the CME is closed. In the long run, this could not only be a direct threat to Liffe but also undermine the principle that futures contracts are traded face-to-face on the floor.

As if all this were not enough, many European countries are opening financial futures and options markets, and experience in Paris has shown that they can be very successful.

Liffe's initial problems were in gaining acceptance - not only among users, but with the Inland Revenue and other regulators. The challenge for future years is to hang on to the risk management business during a time when the very nature of a trading exchange could be changing because of technology.

Mr Jenkins, who would like to see member firms committing more capital to back their trading activities, is clear about the task: "The raison d'être of futures markets is liquidity. If you don't have it, you're not fulfilling your function."

CSFB's Rudloff warns on banks' inventories

THE AMOUNT of Eurosecurities in the portfolios of some banks and financial institutions has reached uncomfortably high levels, posing increasing risks of a liquidity crisis, according to Mr Hans-Joerg Rudloff, managing director of Credit Suisse-First Boston (CSFB).

Mr Rudloff said the institutions would have to offer discounts of 30 per cent or more off purchase prices should they decide to sell the securities, Reuter reports from Dardagny, Switzerland.

"Many banks and financial institutions are facing severe liquidity problems," he said. "Some (market) segments are becoming illiquid."

Some banks and finance companies have augmented their holdings in speculative Eurosecurities to make up for declining margins in commercial business, Mr Rudloff said. This has led to liquidity risks that will take at least 12 to 18 months to overcome.

He stressed that these potential problems threatened certain segments of the Eurosecurities business, not the international banking system as a whole. The collapse of the FRN market illustrated the danger, he said.

Mr Rudloff said FRN market volume was likely to drop to $10bn this year from around $51bn in 1986.

Irish futures market subscriptions on target

BY OUR EUROMARKETS STAFF

THE OFFER of shares in EME Holding Corporation, the company which aims to establish a financial futures market in Dublin, has passed its minimum subscription level.

It is hoped to establish the proposed market, known as the European Mercantile Exchange, early in 1989. The company is looking for a full subscription of I£700,000 (US$475,000) but has comfortably passed the minimum subscription level of I£300,000.

Following the initial flotation, the exchange will study which contracts should be traded. Its emphasis will be on international financial futures, although an Irish currency or debt futures contract is not ruled out. Seats are expected to cost I£25,000.

Mr Neil Holman, a director, said: "We don't intend to open up in direct competition with Liffe," referring to the London International Financial Futures Exchange. "But we think there is room for another exchange in Europe."

The exchange will be located in Dublin's proposed financial free zone, where financial services company will be subject to a reduced rate of corporation tax of 10 per cent.

INTL. COMPANIES & FINANCE

Bruce Jacques on the shake-up in the Australian media

Warwick storms the Fairfax castle

Holmes a Court (left) and Kerry Packer: sharing in the spoils of the break-up

THE DISMEMBERMENT of the John Fairfax group proves once and for all that money in sufficient quantities can triumph over the deepest of family loyalties.

John Fairfax Ltd, the grandfather of the Australian media industry, was a classic example of a corporate family dynasty and one of the few left in an increasingly tough and mercenary Australian business scene.

Since launching its publishing empire 146 years ago, the Fairfax family has clung fiercely to control of the company, albeit with a sometimes shaky holding just a tick over 50 per cent.

While none of the family ever went as far as a former chairman at rival media group, the Herald and Weekly Times, who said his company "was not for sale at any price," many analysts believed this to be the case at Fairfax.

But in the past decade, the family spirit became a corporate liability. Crucially, family control posed a dilemma when it came to funding for expansion. The group could not make a share issue without costing the family millions in subscriptions, but if they didn't subscribe, their control would be threatened. Loan funding was generally eschewed as too threatening to profits.

The strain showed in the early 1980s when Fairfax proposed a non-voting scrip issue which would have raised funds, but not threaten family control. After a lengthy battle, the plan was disallowed by Australian stock exchanges.

Although Fairfax held some of Australia's plum publishing assets, there had been plenty of recent signs that the company was losing its way.

During Rupert Murdoch's A$2bn ($1.45bn) bid for the Herald and Weekly Times media group last year, for instance, Fairfax came in too late with a high offer and ended by paying A$320m for loss-making Melbourne television station, HSV7.

Another example was the sale, on apparently generous terms, of the company's entire television empire to one of its former journalists, Mr Christopher Skase, for about A$700m.

All these episodes served to emphasise that while other media groups, especially Rupert Murdoch's News Corporation, were expanding rapidly, Fairfax was virtually standing still. It was launching some new titles and relaunching some old ones, but big corporate ventures seemed to be beyond it.

Cracks also began to appear in what had hitherto been impenetrable family unity. Lady Warwick Fairfax, widow of the company's former chairman, Sir Warwick Fairfax, joined the board of Mr Ron Brierley's Australian offshoot Industrial Equity, sparking rumours of a likely move on the media group.

But it was the family's youngest member who was to administer the *coup de grace*. At 26 years of age, Mr Warwick Fairfax, Sir Warwick's son, was an unknown quantity until he launched his audacious A$2.25bn bid for John Fairfax a month ago, but he had obviously been a keen observer of what was happening to his father's venerable business.

The vehicle for the bid, at A$7.50 a share, was Tryart which included as advisers Mr Martin Doherty, a former journalist, and Mr Bert Reuter, a former analyst with Mr Robert Holmes a Court's Bell group. The front-man in the negotiations was high-profile West Australian merchant banker Mr Laurie Connell.

An extra A$1 a share, or A$300m, and a ruthless sell-off of some of the company's best assets was what it took to finally seal control. The asset sales were forced on Tyart by rival media owners Mr Robert Holmes a Court and Mr Kerry Packer, who quickly acquired 9 and 4 per cent stakes in Fairfax respectively, enough to block the bid.

Mr Packer acquired the Fairfax magazine stable and the Canberra Times and Canberra Chronicle for about A$250m. Mr Holmes a Court took the prize, the Australian Financial Review, the country's only national business newspaper, along with New Zealand's National Business Review, the Macquarie radio network and the weekly Times on Sunday newspaper for A$475m. The Fairfax deputy chairman, Mr John B Fairfax, has bought a series of lesser, mostly regional interests for about A$80m.

Warwick Fairfax has emerged with sufficient commitments from other family members to give him control of the group, albeit it now without some of its major assets. But he retains a core of sound businesses and probably more than A$1bn in cash with which to expand.

The major assets left with Fairfax, most of which will be put in a new float to be called David Syme, include major metropolitan broadsheet newspapers, the Sydney Morning Herald and the Melbourne Age, the business magazine division, BRWPublications, and half shares in both Australian Newsprint Mills and Australian Associated Press.

The asset sales have reduced the capitalisation of the new float which will be 45 per cent owned by the Fairfax family from an earlier envisaged A$800m to about A$500m.

But the trading is not over. Mr Holmes a Court has to sell either his Perth television or newspaper interests under the federal government's new restrictions on cross-media ownership, and there are already unconfirmed rumors that Mr Packer plans to onsell the Canberra Times to Mr Rupert Murdoch. Certainly, there is ample scope for rationalisation in Mr Packer's magazine interests.

In all this action, Warwick Fairfax remains an enigma. He has remained reclusive, refusing to speak to the same media in which he is now a key proprietor. He is little-known in Australia, having spent most of the 1980s in the US, where he was educated at Harvard.

The early reaction to the deal from analysts is that Mr Fairfax has given too much away in asset sales to placate Messrs Holmes a Court and Packer. But this seems a carping criticism. Mr Fairfax has pulled off what was considered virtually impossible only months ago.

Supreme Finance taken over

By Wong Sulong, in Kuala Lumpur

BANK NEGARA, the Malaysian central bank, announced yesterday it has taken control of Supreme Finance, the loss-making finance company of Mr Tan Koon Swan, the Malaysian Chinese businessman and politician who is serving a two year jail term in Singapore for stock market manipulation.

The central bank did not disclose the amount it had to inject into Supreme Finance, but said there was no cause for alarm as the company 'is liquid and should be in a position to meet all its deposit liabilities.'

It is the fourth financial institution to be bailed out by the central bank, which had earlier injected about 750m ringgit (US300m) to acquire the financially troubled Perwira Habib Bank, United Asian Bank and Sabah Bank.

In the case of Supreme Finance, it is understood the authorities might use it as a vehicle to deal with the Government's promise to make full refunds to depositors of the now-frozen deposit-taking co-operatives. Depositors are expected to be issued with shares of Supreme Finance which would be listed on the stock exchange.

Mr Tan, former president of the Malaysian Chinese Association, is the biggest shareholder in Grand United Holdings, which holds 47 per cent in Supreme Corporation which in turn holds 70 per cent of Supreme Finance. GUH and Supreme Corporation had losses of 242m ringgit and 58m ringgit respectively for the year to June 1986.

Supreme Finance has a paid-up capital of 27m ringgit and 13 branches. It had a pretax loss of 8.2m ringgit for June 1986, compared with a pretax profit of 10.3m ringgit the previous year. It has assets of around 650m ringgit, and deposits of about 600m ringgit.

Myers buys 30% of retailer

CAMPBELL AND Ehrenfried, a private New Zealand investment group associated with Mr Douglas Myers, chairman of the Lion Corp brewing group, said it would acquire about 30 per cent of the shares in LD Nathan and Co, the retailer, Reuter reports from Wellington.

The company said in a statement that shares held in L.D. Nathan by PC Cooper and CR Mace and associated interests would be exchanged for Campbell and Ehrenfried shares.

Campbell and Ehrenfried then would have about 30 per cent of both LD Nathan and Lion, it said. Campbell and Ehrenfried investments would be controlled in turn by Mr Myers and Cooper-Mace interests.

LD Nathan closed on Tuesday at NZ$7.25 (US$4.70) up three cents. Lion closed unchanged, also at NZ$7.25.

UK COMPANY NEWS

Aberdeen Construct receives approach

By Dina Medland

Aberdeen Construction Group shares jumped 50p to 324p at yesterday's close after the company announced that it had received an approach "which may or may not" lead to a bid offer.

The company failed to achieve forecast pre-tax profits of £5m last year due to the drop in oil prices and its consequent effect on construction and development activities in north-east Scotland. Profits fell from £3.67m to £3.34m on turnover that slipped back from £112.6m to £100m.

The construction division led the gains with a profit of £2m (£825,000), with concrete and extractive at £1.52m (£1.97m). Others showed losses of £1.33m (£437,000 losses), and rentals profits of £3.23m (£2.96m).

Mr Alexander Anderson, chairman, said that the loss in others included a sum of £896,000 written off the value of industrial and housing development stock to reflect the lack of development activity in north-east Scotland.

Corporate Estates

The first half of 1987 at Corporate Estates Properties has seen considerable activity resulting in a 57 per cent increase in pre-tax profit, from £206,000 to £323,000.

Following the share placing on the USM in August, shareholders' funds rose to £4.76m and the property portfolio held for resale had a market value substantially exceeding cost.

Progress was such that payment of the first dividend-0.3p-had been brouught forward to end of October, instead of next June.

Centreway Inds

Centreway Industries, Birmingham-based investment holding company, reported pre-tax profits for the first half of 1987 up at £298,000 (£234,000) on turnover down at £8.36m (£13.93m). Directors said the results reflected the disposals of last year.

There was net interest income of £110,000 against charges last time of £323,000. Earnings per 10p share were 1.5p (0.9p) and the interim dividend is an unchanged 0.5p. Centreway Industries is a 50.1 per cent owned subsidiary of Centreway Trust, which announced a 77 per cent boost in interim pre-tax profits to £303,000.

S & U Stores

Confirmation that profitability would continue to improve at S & U Stores has come with the announcement of a 53 per cent increase in midway profit.

For the six months ended July 31 1987 the group-engaged in consumer credit, rentals, leasing and hosiery manufacturing-improved turnover marginally to £18.23m (£18.16m) and pre-tax profit from £526,000 to £807,000.

Following the return to dividend last year with a single 2.5p payment, the company is declaring an interim of 1.25p and forecasting a final of not less than 2.25p.

Security Archives

The offer-for-sale in Security Archives (Holdings), the business data storage group, was about 50 times oversubscribed when applications closed yesterday.

COMMON Bros: Of the 8.6m new shares recently offered via a rights issue,8.31m (96.6 per cent) were taken up.

Mountleigh rebuilds its stake in Storehouse

BY MARTIN DICKSON

Mountleigh, the property company which abandoned plans to make a bid for Storehouse last Thursday, has been buying more shares in the retailing group this week and built up its holding to around 2 per cent.

The purchases follow the announcement on Sunday that Benlox Holdings, a small engineering and investment dealing group, was launching a £2bn all-share bid for Storehouse, which is headed by Sir Terence Conran.

Mountleigh disclosed to the Stock Exchange yesterday that it had bought 3.75m Storehouse shares on Monday, taking its total holding to around 7.75m shares, roughly 2 per cent.

Mountleigh is believed to have made further small purchases yesterday. However, this appears to have accounted for relatively little of yesterday's heavy trading of 30m of the company's shares, which closed at 407p, up 21p on the day.

The property company, which is headed by Mr Tony Clegg, decided not to proceed with a bid for Storehouse after Sir Terence Conran and his board rejected its approach, which envisaged a bid worth 445p a share, valuing the group at £1.8bn.

The takeover code would almost certainly have prevented Mountleigh making a further bid for Storehouse for 12 months, unless another bid emerged for the group. The arrival of the Benlox offer lifts this restriction, and means Mountleigh could bid again, if it so wished.

Meanwhile, Sir Terence Conran wrote to shareholders yesterday reiterating that Storehouse saw no merit in the Benlox bid, which was offering "paper of questionable value with no cash alternative." If successful, Benlox would break Storehouse up, and Mountleigh had been planning a similar fate for the group.

The board, Sir Terence said, was firmly convinced of that the rationale for the group's creation - combining the strengths of BHS and Habitat-Mothercare – was as valid now as it was at the time of the merger. "Mountleigh's proposal involved the break-up of the group before the benefits of the significant investment and effort expended over the 18 months since the merger had been realised," he added.

Sovereign Oil back in the black

BY LUCY KELLAWAY

Sovereign Oil and Gas, independent oil company, yesterday announced a return to profits with net income of £589,000 in the first half of the year compared with a net loss of £7m for the same period last year.

The company said that the improvement was a result of cost-cutting measures during the year. Mr David Biggins, managing director, said that as a result of these measures the company would be able to "operate constructively" at present oil prices, and that the future could be viewed with "optimism and enthusiasm".

The company said that Sovereign was engaged in an active exploration programme, and success in key well results expected soon could have "a significant impact on the company".

Development plans for the Emerald field, for which Sovereign is the operator, were moving ahead, and the draft Annex B completed, the company said. Once the charter and financing arrangements had been finalised it would apply for development approval, and expected the first oil to be produced in 1989.

As a result of the uncertain outlook for oil prices, the company has waived the interim dividend and said yesterday that it was not likely to pay a final.

With both production and oil prices little changed compared with the same period last year, turnover was £11.2m (£12.3m). Profit before tax was £2.2m compared with a loss of £9.7m in the first half of last year, after exploration costs of £2.2m (£11.7m). Earnings per share were 1p compared with a loss of 13.8p.

●comment

It must do Sovereign's patient investors good to see the company not only making money again, but bristling with exploration and development plans, in time-honoured style. Soveign has its own efforts - as well as the recovery in the oil price - to thank for its recovery from what was a parlous condition even by the standards of its fellow oil independents. It has made confident inroads into both its borrowings and its costs, and has also improved its portfolio of acreage by relinquishing much of the dud stuff and being awarded some of the best blocks in the Tenth round. Sovereign also seems to have succeeded at last in its imaginative "charter-financed" development of the tiny Emerald field, which appears likely to go ahead ealier rather than later. Nevertheless, the field may do more for Sovereign's self esteem than its bottom line, as in eliminating the risk, much of the return has been similarly taken care of. In any case a recovery of Sovereign's self esteem in the market would appear in order, and even after yesterday's 8p rise to 126p, it is still cheap compared with many of the independents in the sector.

Helical profits surge past £2m

Helical Bar, property development and investment, substantially boosted taxable profits from £434,000 to £2.15m on turnover ahead from £6.6m at £8.24m in the six months to August 1 1987.

After increased tax charges of £752,000 (£165,000), earnings per 5p ordinary share surged from 1.34p to 6.71p. The declared interim is 0.4p.

The chairman said that the company had spent the past 12 months assembling a substantial stock of properties for development and trading. It now had four major city centre office schemes. It was undertaking four industrial developments in the south of England and was refurbishing more than 60 central London mews properties for residential or business user space.

In May it acquired 1m sq ft of fully-let, high-yielding industrial properties and in September it agreed the purchase of the assets of Aycliffe and Peterlee Development Corporation which will increase the stock of high-yielding industrial investment properties to a total of 5m sq ft.

Guinness Peat yields to Equiticorp

By Hugo Dixon

Guinness Peat Group yesterday effectively surrendered to Equiticorp, the New Zealand financial services company, which has made a 115p per share bid for the group.

In a letter to shareholders, GPG's board said it considered Equiticorp's offer "inadequate on grounds of value".

However, it advised shareholders either to sell their stake in the market or accept the Equiticorp offer, "unless they wishto remain shareholders in Guinness Peat under Equiticorp's effective control in the hope of securing greater long-term value".

Mr Michael Kerr-Dineen, GPG's managing director, said thatdiscussions with white knights had indicated that GPG was worth more than Equiticorp was offering. But, given Equiticorp's 43 per cent stake and the unwillingness of GPG's other major shareholders - Mr Robert Maxwell and Lord Kissin - to sell, there was no opportunity for an alternative bid to get off the ground.

He admitted that the advice to shareholders was "slightly on the one hand, on the other hand", but argued it was a complex situation.

"Effective control has passed whether or not the bid goes unconditional," Mr Kerr-Dineen said, and there could be both opportunities and risks for shareholders in retaining minority stakes. He felt, however, that GPG could work well with Equiticorp.

The next stage, he said, would be to hold discussions with Equiticorp over its strategy for the group. Mr Kerr-Dineen said he had no plans to resign, unlike GPG's chairman, Mr Alastair Morton.

Mr Maxwell on Monday increased his stake in GPG from 14.6 per cent to 14.98 per cent. Last week he said he did not plan to exceed 15 per cent.

Ambrit Intl

Ambrit International, a USM company formerly known as Steaua Romana and engaged in oil and gas exploration and development, swung from losses of £996,000 to profits of £16,000 pre-tax for the half year ended June 30 1987.

KALAMAZOO is buying Willis Computer Supplies –a computer peripherals supply company, for £60,000 in cash.

Jersey investor takes 14.9% stake in TR Technology Trust

BY CLAY HARRIS

TR Technology Investment Trust yesterday became the latest listed trust in the Touche Remnant stable to find itself apparently put in play by a large shareholder. Firmandale Investments, based in Jersey but with unknown beneficial owners, told TR Technology yesterday afternoon that it held 14.9 per cent of the trust.

Only last week, the Norwegian group Platon launched an offer to raise its stake in TR Natural Resources from 29.9 per cent to a bare majority. A bid for TR Pacific Basin by the smaller Thornton Pacific Investment Fund was abandoned earlier in the month.

TR Technology shares added 2½p to 90p yesterday to give the trust a market capitalisation of £194.4m, only a 9.2 per cent discount to net asset value. The discount has narrowed from 16 per cent in the last three weeks because of persistent buying in the market, now revealed to be by Firmandale.

Mr Brian Ashford-Russell, TR Technology manager, said yesterday: "I am informed that the shares are owned by a Hong Kong company but the beneficial ownership of that Hong Kong company I do not know." Berkeley Govett, the fund manager advising Firmandale, declined to give any details of the shareholder's ownership or intentions.

The involvement of Berkeley Govett is ironic because TR Technology is among its shareholders with a stake at present of nearly 6 per cent, having been as high as 15 per cent in the past. Berkeley Govett also formerly introduced unquoted US development capital investments to TR Technology and other TR trusts.

TR Technology, moreover, has about £14m invested in two Berkeley-maanged funds, TR Berkeley Development Capital and Berkeley Atlantic. Both sides agreed that the Firmandale holding was unrelated to the move of Mr Tony Arnaud, who has done analytical work for Berkeley since retiring as managing director of TR Technology at the end of June.

J Brown to sell transport side

BY FIONA THOMPSON

John Brown, part of the Trafalgar House Group, is to sell Craven Tasker and East Lancashire Coachbuilders, its two companies in the road transport industry.

Sheffield-based Craven Tasker is one of the leading companies in the UK trailer industry and Blackburn-based East Lancashire Coachbuilders designs and makes a wide range of single and double deck, midi and mini bus bodies for operators throughout the UK.

Trafalgar House said it is selling because the road transport industry is not a major business area for the group. It has contacted a limited number of companies it thinks might be interested

The combined annual turnover of both companies is approximately £25m. Trafalgar House said that both businesses are prospering, with substantially larger order books and improving profitability compared with a year ago.

Prestwich rises to £6m

Prestwich Holdings, consumer electronic products and media rights, yesterday reported an 85 per cent increase in pre-tax profits to £5.99m for the year to June 30.

The company also said that an announcement about the sale of its 14.96 per cent stake in Border Television, which it acquired in April, was imminent. It is believed that Mr Robert Maxwell is the buyer.

Prestwich's profits included exceptional items of £1.08m (nil), being profit on disposal of listed investments – Amstrad shares which the company inherited fromn the takeover of Bush – of £1.19m less compensation for loss of office of £104,000. Turnover last year rose from £34.32m to £42.07m and after tax of £2.21m (£1.17m) and minorities of £49,000 (£34,000) earnings per 25p are up from 6.1p to 8.8p, before extraordinary credits of £1.65m (£1.32m).

These items included a £2.66m (£4.21m) profit on disposal of the optical goods and services division and an £88,000 loss (£101,000 profit) on proposed disposal of part of the engineering division'

The dividend total goes up from 0.85p to 1p with a proposed final of 0.6p.

Mr Paul Levinson, chairman, said the results arose almost exclusively from the group's established mainstream operationsand included only a few weeks trading by the two companies acquired just prior to the end of the financial year.

He said given the substantial growth being enjoyed in all areas of the group's operations and the benefits which would accrue from the acquisitions, the future could be viewed with the utmost confidence.

The consumer electronics division, comprising Bush Radio and Palan Electronics, returned profits of £1.96m on turnover of £17.67m last year while the entertainment and media products side earned profits of £3.07m on turnover of £24.17m.

Ramco Oil

Ramco Oil Services, reduced its pre-tax losses from £807,000 to £125,000 in the first half of 1987 on turnover of £4.28m (£3.99m). After a tax charge of £22,000 (£123,000 credit) earnings per 10p share for this USM-quoted company came out at 0.87p (2.87p).

Joseph Holt

Joseph Holt,brewer, reported a 17 per cent increase from £1.47m to £1.73m in pre-tax profits for the half year to June 30 on turnover up 9 per cent from £4.97m to £5.42m.

Tax took £805,000 (£553,000) leavibng earnings pere 25p ordinary share to emerge at 37.44p (30.72p) for the increased interim dividend of 5p(4p).

MIDSUMMER LEISURE is buying Ariba Shopfitters and Ariba Manufacturing and Display for £541,500 in shares. The two generated sales of £582,088 and a loss before tax of £7,295 in the year to May 1986.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Abingworth ....fin	1.25	-	1.25	1.25	1.25
Allied Plant ....int	0.5	-	nil	-	1
Amstrad ....fin	0.5	-	0.25	0.7	0.35*
Brooks Service ....int	1.4	Nov 13	-	-	-
BSG Intl. ....int	0.6	Jan 4	0.48	-	1.37
Castle Comms. § ....fin	4	-	-	4	-
Centreway Inds ....int	0.5	-	0.5	-	0.5
Colorgraphic § ......int	1.33	Nov 4	-	-	-
Corporate Ests. ......int	0.3‡	Oct 30	-	-	-
Helical Bar ....int	0.4	Nov 18	nil	-	0.4‡
Hunter ....int	2†	Dec 31	-	-	3
M.Y. Holdings ......int	0.45	Dec 8	0.4	-	1.25
NMW Computers ...int	1.5	-	0.83*	-	2.5*
Peachey Property ..fin	6.25	-	5.5	10.25	9
Prestwich Hldgs ....fin	0.6	-	0.5	1	0.85
Senior Eng. ....int	0.91†	Dec 1	0.87	-	2
Shandwick ....fin	4	-	3	5.5	4.23
S & U Stores ....int	1.25	Nov 27	nil	-	2.5
Sinclair Gold. § ....int	0.75	Nov 12	-	-	-
Time Products ......int	1.75	Jan 6	0.75	-	3
Trafford Park ......fin	8.75	Nov 26	8	13	12
Young (H.)Hldgs ....fin	2.6	Nov 18	2.4	3.9	3.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ØThird market.‡Adjusted for five-for-one share split.

NMW Computers

Benefits from the deregulation of the Stock Exchange continued for N.M.W. Computers, and the half year to end-June saw a near £1m advance in pre-tax profits.

From turnover ahead 26 per cent to £8.57m the profit surged 93 per cent, from £989,000 to £1.91m. Trading profit doubled to £2.05m.

The interim dividend is lifted from a scrip adjusted 0.83p to 1.5p, as earnings reached 6p (3.3p). Tax charge was £680,000 (£354,000).

H Young Holdings

H. Young Holdings, the distribution group, lifted pre-tax profits by 24 per cent from £1.13m to £1.41m for the year to August 1 1987 on turnover up from £18.14m to £18.52m.

Earnings per 25p share were 11.77p (10.01p) and the board is recommending a final dividend of 2.6p (2.4p) making 3.9p (3.6p) for the year.

Allied Plant

Allied Plant Group, building services and fork-lift truck hire and distribution company, reported profits up from £687,963 to £1.1m on turnover up from £21.49m to £26.1m in first half of 1987.

The interim dividend is 0.5p; tax £137,000 (£253,997); and earnings 1.52p (0.97p).

Dencora up 92%

Dencora, the East Anglian property development and investment group, increased pre-tax profits by 92 per cent from £740,000 to £1.42m for the six months to June 30 1987.

Turnover was up 52 per cent to £3.94m (£3.53m).

UK COMPANY NEWS

Peachey rights to raise £31.8m

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Peachey Property Corporation yesterday announced increased pre-tax profits, at the top end of City estimates, and a one-for-four rights issue to raise £31.8m.

Shareholders are being paid a final dividend of 6.25p, making total payments for the year of 10.25p, compared with 9.0p for 1985-86. Earnings per share in the year to June 1987 were 23.0p, lifted from 19.7p the previous year.

During a year when Peachey substantially expanded its operations, the net asset value per share rose 21 per cent to 434p.

Pre-tax profits for the year were £11.65m compared with £10.24p earned in the year to June 1986. The increase in profits came on the back of a sharp rise in gross rents and revenue on property sales to £25.6m from £17.1m.

Net property investment income was £6.8m for 1986-87 compared with £6.1m the year before, while the profit on property trading climbed to £4.78m from £4.1m.

Following a siginificant acquisition programme which cost £35.6m in the last financial year and on which £34m has been spent on three portfolios during the current year, Peachey is moving to strengthen its equity base and cut back borrowing.

It will issue through Phillips and Drew 8.66m new ordinary shares in the rights issue at the price of 380p a share. This offers a discount of 69p on the market price just before the announcement and a discount of 54p on the asset value per share unadjusted to take into account the acquisitions of the current year.

The issue has already been underwritten by S.G. Warburg.

The £31.8m will cut into borrowings which have risen to £106.4m from £70m at the end of the financial year. The rights follows a £30m debenture issue last May.

• comment

Peachey is in the middle of an extremely active phase and appears to have shrugged off the bid talk that surrounded it earlier this year. Having disposed of its residential portfolio, which inflated profits two years ago, it is now beginning to see the growth of rental income that has accompanied its renewed drive into commercial property. The rights issue should drop its gearing from 80 to 45 per cent and further disposals this year will leave it looking cash-rich. Net asset value per share after the rights, and taking into account this year's purchases, is calculated at 442p. Further rises in rents this year look like producing 1987-88 pretax profits of around £13m and more the year after. But earnings per share this year will be held back by the rights probably, on City estimates, to 21.5p, offering a prospective p/e of 20 on a price sagging after the rights announcement.

Bruce Judge places Goode Durrant stake

By Clay Harris

Mr Bruce Judge, the New Zealand entrepreneur, yesterday took a step back from the UK by placing most of his 41.5 per cent stake in Goode Durrant with more than 20 British institutions.

His remaining 11.5 per cent holding in the finance, motor distribution and housebuilding group - which Mr Judge has agreed to hold at least until 1989 - is to be transferred before the sale to his master company, Ariadne Australia. It is held at present by Hong Kong-based Impala Pacific, which is being taken over by Renouf, a New Zealand group which was formerly within the Judge orbit.

The various transactions signal a simplification of Mr Judge's holdings and his intention to devote more attention to Ariadne, to "buy back the farm," in the words of Mr Michael Waring, Goode Durrant chairman.

Goode Durrant broached the idea of the placing, Mr Waring said, to avoid having its own flexibility for future expansion hampered by a majority shareholder with other preoccupations. In the wake of its £24.5m takeover of Laidlaw Group, the Scottish motor trader, Goode Durrant is actively pursuing additional acquisitions, Mr Waring said.

The 14.5m Goode Durrant shares, representing 29.8 per cent of the company, were placed at 235p, compared with the opening price yesterday of 245p. Impala's acquisition cost is believed to have been about 140p, to produce a profit of more than £13m before costs.

"Institutions have been interested in acquiring meaningful stakes in Goode Durrant for some time," Mr Waring said. "Now with our UK expansion plans underway, we want to build a closer relationship with UK institutions." Devon Associates, a company controlled by Waring family trusts, is now the single largest shareholder with a 12.3 per cent stake.

Mr Judge will remain a non-executive director of Goode Durrant.

Hunter profit at £6.5m midway

Pre-tax profits of Hunter, the furniture and timber company which is nearly 77 per cent owned by Hillsdown Holdings, emerge at £6.49m for the six months ended June 30. The figures are not comparable with the corresponding period of the previous year since the company has been transformed by the acquisitions of Mallinson-Denny and May and Hassell, completed in January.

Mr Harry Solomon, chairman, said that Hunter Plywood and Christie and Vesey have produced record profits and organic growth from existing subsidiaries was over 50 per cent.

The group has continued to make a number of small acquisitions to complement the enlarged timber business.

Mallinson-Denny has been particularly active, acquiring 10 timber outlets and builders' merchants, the most notable being George Hopton and Norman Mackenzie Building Supplies. May & Hassell has also bought three businesses including Vaner Holdings in the South-East.

Mr Solomon said the the acquisition of Dom Holdings, a leader in the fixings industry, takes the group into a new, but allied, field of activity. Abco's development of Gibraltar's International Commercial Centre is well advancedand the company is currently examining a number of opportunities in Gibraltar and Spain.

Further acquisitions are being sought which will enhance growth and profitability for the future. The current year has started well and the economic climate for timber businesses and construction industry generally continues to be encouraging. The board is confident of another excellent result for the year as a whole.

The company has introduced an interim dividend with a payment of 2p; last year's single payment was 3p. Turnover for the period was £212.15m (£19.65m) and the cost of sales £172.63m (£17.09m) leaving a gross profit of £39.52m (£2.56m). Net interest charges were £5.14m (£448,000) and tax took £974,000 (£181,000). Earning per 10p ordinary were sharply higher at 27.9p (10.1p). There was an extraordinary item of £857,000 (nil) resulting from the sale of Beresford and Hicks to Hillsdown.

M.Y. Holdings soars past £1m mark

Mr Paul Marks, chairman of **M.Y. Holdings**, said that he was confident of a continuing improvement in group performance following its 37.5 per cent rise in taxable profits in the six months to June 27 1987.

The company, which manufactures sports equipment and packaging materials, boosted profits from £960,000 to £1.32m on turnover up from £14.64m to £16.76m. After tax of £473,000 (£333,000) earnings per share rose from 2.07p to 2.47p or from 1.95p to 2.32p on a fully diluted basis. The interim dividend is lifted from 0.4p to 0.45p.

By division profits and turnover were: packaging, £945,000 (£871,000) on £10.07m (£9.08m); and consumer goods, £382,000 (£340,000) on £5.28m (£4.84m). The pyrotechnic company, Haley & Weller, which was sold for £800,000 in August, made £37,000 (£91,000 loss) on £1.42m (£715,000) after the deduction of bank interest.

Mr Marks said that the company was actively investigating further acquisition opportunities. In July it acquired Humberside Packaging for £1.5m; in August it acquired Thomas Bushill for £1.2m.

URSI £14m USM placing

BY PHILIP COGGAN

URS International, a US architectural and engineering consultancy, is joining the Unlisted Securities Market in a placing which values the group at £14.1m.

URSI was formed when the Delaware-based URS Corporation acquired Trans-Asia in 1984. After the placing, URS will retain a 65 per cent interest in URSI and has undertaken not to sell any of its shares for at least two years.

Since 1984, URSI has moved from a $495,000 loss to a $940,000 pre-tax profit last year and it is forecasting a pre-tax profit of $2m this year. The bulk of its business comes from the Pacific Basin - and the US Department of Defense and the Indonesian government provided around two-thirds of its turnover last year. Contracts worth around $29.2m are in the final stages of negotiation, compared with 1986's turnover of $9.9m.

ANZ Bank is placing 5.7m shares, 35.2 per cent of the equity, at 87p each. Around three quarters of the shares being placed are new and will raise approximately £3.2m for the company, the bulk of which will be used to pay off an outstanding loan to the parent company.

IMI sells French lossmaker

By Dina Medland

IMI, the diversified metals and engineering group, has sold its loss-making subsidiary Mapegaz-Remati of Rambouillet, France in a management buy-out for FFr 35.9m (£3.6m), the company announced yesterday. Mapegaz manufactures high pressure ball valves principally for the oil industry.

"Mapegaz is a rather specialised manufacturer, and almost all its products go into the oil industry, which has been experiencing hard times.The company has been very short of orders" said Mr Trevor Lamb, director.

"It no longer fits our overall strategy " he said. IMI still has three companies producing industrial valves, with operations in the UK, Europe and the US. It says it is placing increasing emphasis on valve products for power plant and for the chemical and other process industries. IMI's pre-tax profits for the first six months of 1987 rose by £9.6m to £40.1m. The figures included six months' profits from companies acquired last year, whereas the first half of 1986 included only two and a half months of profits for its Martonair purchase.

Shandwick more than doubled

Profits at Shandwick, the independent public relations consultancy, rose two-and-a-half times from £1.37m to £3.41m for the year ending July 31 1987.

Operating income more than doubled to £15.58m (£7.13m) on turnover up from £10.97m to £28.31m.

Earnings per share were raised to 30.4p (14p) and the directors recommended a final dividend of 4p (3p) making a total of 5.5p (4.23p).

Tax amounted to £1.2m (£589,000) and there was an extraordinary debit of £86,000 (nil). Retained profit came to £1.62m (£351,000).

Mr Peter Gummer, chairman, said that strong organic growth from the consultancies which made up the group last year had been augmented by first-time contributions from acquisitions in the UK, US and Australia. All these acquisitions had exceeded anticipated contributions for the full year figures.

Mr Gummer said the board was actively pursuing a number of acquisition opportunities around the world which might lead to further growth in the immediate future.

Gordon Russell buys Isoplan for £1.9m

BY DINA MEDLAND

Gordon Russell, maker and supplier of office and contract furniture, has bought Isoplan, a manufacturer of wood based office furniture, for £1.85m. The purchase is to be satisfied by the issue of 560,606 new Gordon Russell shares at around 330p per share.

Isoplan made a profit of £285,000 before directors' emoluments and tax on turnover of £1.61m for the year ended June 30.

Gordon Russell joined the market via a placing towards the end of last year.

DOCTUS has sold various assets and premises used by its stainless steel fabricators business to United Spring and Steel for £530,000 cash.

AAH suing solicitors over share option slip

By Dina Medland

AAH Holdings, the pharmaceuticals, builders' supplies and environmental services group, is suing City solicitors Oppenheimer Nathan Van Dyck for failing to obtain Inland Revenue approval for share options given by the company over two years. The absence of Revenue approval raises questions about the validity of the options.

Mr Bill Pybus, the chairman of AAH ,is a senior partner at Oppenheimer, which was responsible for preparing an executive share option scheme in mid-1984 for the company.

According to Linklater & Paine, lawyers to AAH, amendments to the scheme requested by the Inland Revenue were never made. However, AAH, believing that approval had been given, obtained shareholders' permission to grant options in 1985 at 173p and in 1986 at 233p a share.

At the current share price executives are offered a large gain on the options. The absence of Revenue approval, however, would mean they would have to pay income tax on them.

A sub-committee of the AAH board - which does not include Mr Pybus - is now looking into the matter. A spokesman for Linklaters said that although there were, "a lot of technical hurdles to be overcome", the options were technically not invalid.

The options may have to be restructured, but this would not be a "substantial exercise".

Epicure in £1.6m deal

BY DINA MEDLAND

Epicure Holdings, construction industry services group, has conditionally agreed to buy the Standard Piston Ring Co, a private company located in Sheffield, for some £1.6m.

SPR is involved in the sale and manufacture of marine two-stroke piston rings and the reconditioning of pistons.

Epicure intends to finance the acquisition by issuing 3,367,895 new ordinary shares at 47.5p a share. In addition, the company proposes to issue a further 212,105 ordinaries at 47.5p per share in order to defray expenses of the acquisition estimated to amount to some £100,000.

PK English Trust is arranging for the total 3,580,000 new ordinaries to be placed by CIBC Securities Europe with investment clients at a placing price of 47.5p.

Lucy Kellaway on Aran Energy's full market debut

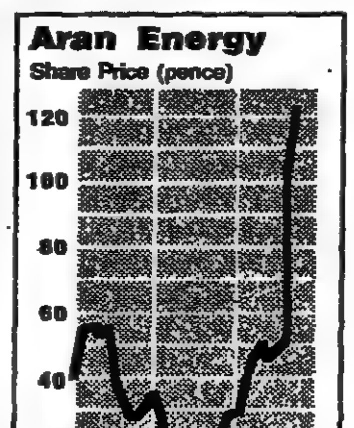
Seeking international investors

LITTLE independent oil exploration companies live for the day that they will make a major oil find that will take them from insignificance into the big league. For most companies that day never comes.

But Aran Energy, a Rule 535 company which tomorrow joins the main market, has made such a discovery not once, but twice in the past year. Last winter it had its fortunes transformed with the discovery of the Alba field, claimed at the time to be the biggest North Sea find for several years.

Barely six months later Aran emerged as the holder of 15 per cent stake in a second major North Sea discovery - on block 9/18b - which may prove bigger than Alba.

As a result of this double stroke of luck, Aran is worth almost £200m, bigger than many of the established independents, and nearly ten times its value a year ago. This is not the first time that Aran has seen its value rise several fold in a short space of time, but on the last ocassion the movement was followed by an equally sharp fall, as a seris of potentially thrilling Irish oil discoveries came to nothing.



Even though this time there is real oil in both fields in commercial quantities, the exact size of the fields, and therefore the worth of the company are far from assured. On the scant information available, Block 9/18b is believed to contain at least 300m barrels of oil and 750bn cubic feet of gas, and the reservoir is of such a high standard that producing the oil should be simple and relatively cheap.

However, only one of the field's three lobes has yet been probed, and it is possible that further large reserves may exist in the other two.

Mr Michael Whelan, chief executive, a trained barister, economist and ex-employee of the Irish Tourist Board, has all the optimistic enthusiasm of the stereotypical oilman.

He maintains Aran's total reserve figure of 100m barrels of oil quoted in the listing document (of which more than half is attributable to 9/18b) is conservative, and that the company - despite its dramatic re-rating in the past few months -is undervalued.

Between now and the end of the year, Aran will be one of the most active oil independents in the North Sea, drilling a total of eight wells. Five of these will be to appraise the two discoveries, while others will be striking out into new areas.

Mr Whelan is particularly excited about a well soon to be announced on block 9/16, which he hopes could prove similar to its gushing neighbour on 9/18b.

Having recently raised IR£10.8m through a share placing, the company will have no immediate need for funds for its drilling programme, although it will shortly have to start looking for finance for its share of the two fields, which are expected to get development approval as early as next year.

Aran finds itself in the unusually fortunate position of having a large pile of reserves which will not be producing for another four years at least. By contrast, most other companies are faced with falling North Sea production, and a desperate need to rebuild reserves. An acquisition would therefore make good sense, and Aran is is examining a series of possibilities.

However, the same logic must also make Aran attractive to more mature predators, and with no real safeguard except an arguably high share price, the company is vulnerable. But Mr Whelan does not seem unduly concerned, and if a bid comes he hopes to rely on his loyal band of over 20,000 investors to fend it off.

BOARD MEETINGS

TODAY

Interims—Laura Ashley, Boustead, City & Foreign, Cussins Property, Eagle Trust, Eadie [illegible] Bo, S.R. Gent, High-Point Services, Murray Electronics, PFC International Portfolio Fund, Renishaw.

FUTURE DATES

Interims— [illegible]

Amstrad leaps by 80% to £136m

BY DAVID THOMAS

BIG SALES of personal computers enabled **Amstrad**, the consumer electronics company, to lift its pre-tax profits by 80 per cent to £135.7m in the year to the end of June.

However, the results were towards the lower end of analysts' forecasts and the City marked the shares down 20p at 175p.

Mr Alan Sugar, Amstrad chairman, also issued a lengthy statement yesterday, saying that Amstrad had come to the end of its period of spectacular growth, in which profits and sales had almost doubled each year for the past four years.

He described this year as one of consolidation and said that it was unlikely that any acquisitions made by Amstrad would be outside its present core activities.

Amstrad was concentrating on developing its existing product range and building up its overseas subsidiaries. Mr Sugar announced board changes designed to help this.

Sales for the year were up 68 per cent at £511.8m (£304.2m). After allowing for tax of £42.3m (£23.3m), profits were £93.4m (£52m).

Earnings per share were 17.13p (9.54p) and the final dividend is being doubled to 0.5p, making a total for the year of 0.7p (0.35p).

Mr Sugar said that the year had been marked by an increase in sales across its office automation and leisure products. He highlighted sales of the PC1512 personal computer, which he said had "revolutionised the so-called computer industry in the UK," of the Spectrum plus 2 home computer last Christmas and of video recorders.

He argued that Amstrad had held its own in audio products during two years of market confusion by concentrating on products where stable demand existed.

More than half (54 per cent) of sales in 1986-87 were of business products, compared with 38 per cent in the previous year.

Mr Sugar said: "To go forward we must realistically accept that we cannot achieve the doubling effect we have experienced in the past. Clearly, a new strategy is necessary."

He effectively ruled out previous speculation that he might enter the white goods business by adding: "We wish to remain in a business we understand."

Instead, Amstrad would concentrate on "organic growth in both product introduction and the channels to sell and market them."

Mr Sugar predicted that Amstrad's new personal computer PC1640 and word processor PCW8512 would have a significant effect on the current financial year.

The company was also working on 20 new products to introduce in the next financial year. These included a business computer aimed at parts of the market not yet covered by Amstrad and "two completely new exciting product areas, both of which have tremendous sales and profit potential."

The company was also going to concentrate on building up its overseas subsidiaries, though Mr Sugar said he was approaching the US with caution.

See Lex

Senior Engineering rises 10% midway

Senior Engineering Group lifted its pre-tax profit by 10 per cent from £3.63m to £4m in the first half of 1987.

From turnover of £63.9m (£50m) the operating profit came to £5.21m (£3.95m). There were exceptional debits of £591,000 representing redundancy costs and a loss at Senior Colman arising from an industrial dispute.

Investment income showed an improvement to £346,000 (£232,000) but against that interest charges leapt to £944,000 (£545,000).

In the first quarter of the year the company paid some £9m to acquire Wallsend Boilers, Precision Heat Treatment, R.F. Luke (Structural Steelwork) and Southwestern Engineering.

Then in July it purchased Mainchem (Linings) for £915,000 and M.E. Mack Valves, of Australia, for £2.9m, and in August bought Davis Derby at a cost of £7m.

Earnings per share were 2.59p (2.43p) and the interim dividend is 0.91p (0.866p). Most of the companies were busy and the directors expected a satisfactory outcome for the year. In 1986 pre-tax profit totalled £7.62m.

The group is engaged in construction services, heat treatment plants, mining equipment and thermal engineering. Significant changes over the last two years, particularly as a result of acquisitions, necessitated some variations in group structure.

• comment

Yesterday's figures were pretty much as expected, fairly flat, mainly due to a distinct shortage of orders on the thermal engineering side, and the effects of the eight month dispute at the Senior Colman ventilation fans factory in Manchester. Redundancy costs here led to the £591,000 exceptional debit. Having said that, the company's recent policy of making strategic acquisitions and tackling or eliminating the poorer businesses is set to pay off. In addition, after the period of famine on big orders, the indications are that a feast is ahead, including potentially huge CEGB orders in the late 1980s. For the moment, a £2m order from the Mount Storm power station in the US has just been announced. The company is keen especially to boost acquisitions on the construction side, despite smarting from Senior Coleman. They are likely to be bolt-on, and probably UK based. The shares slipped 1½p to close at 68½p yesterday. Assuming pre-tax profits for the year of about £10m, that puts them on a prospective p/e of 12, good value.

Brooks Service advances to £0.45m at halftime

Brooks Service Group, in its first figures since getting a listing in April this year, reported pre-tax profits for the 26 weeks to June 27 of £452,000 on turnover of £7m. Mr Simon Brooks, chairman, said that the figures showed an upward trend and were well ahead of last year.

Earnings per share for this Bristol-based hirer of linen and workwear and dry cleaner came out at 3p and an interim dividend of 1.4p is being paid. For the rest of the year the prospect is one of continuing growth, said Mr Brooks.

He added that the first six months usually produced significantly lower profits than the second half. Last year the company made a full-year profit of £1.41m on turnover of £13.61m.

In the period under review the textile rental side was buoyant as a result of hotels trading at high occupancy levels and restaurants benefiting from the increase in tourism. However the retail shops had had a difficult time, particularly in the west country, because of the costs of setting up new shops, changes in management structure and unfavourable weather.

A further seven branches had been acquired in the London area since the beginning of the year.

The interest charge was £86,000. Tax took £158,000 and dividends absorbed £149,000.

Abingworth net assets get transatlantic boost

Abingworth, a venture capital investment company, lifted net asset value per share from 277p to 375p in the year to June 30 1987 largely as result of a strong market for technology stocks in the US.

This had the effect of enhancing the value of the existing portfolio, permitted selective disposals at attractive prices and allowed a number of private companies in the portfolio to go public. The strength of the UK stock market throughout the period was also significant.

Turnover dropped from £1.3m to £1.29m and taxable profits from £504,061 to £385,219. Tax charges fell from £154,708 to £153,375 and earnings per share were 1.1p (1.7p). The proposed dividend is an unchanged, 1.25p, making 1.25p for the year.

Mr Anthony Montagu, chairman, said that since the year end there had been a further increase in net asset value and at September 23 it stood at 387p. He said that he viewed the future with continuing optimism.

During the year Abingworth had invested a total of $3.7m (£2.3m) in new companies in the US and provided an additional $5.1m in support of existing investments. In the UK, £2.6m was invested in new companies and £1.3m was invested in existing companies.

Cookson in £45m US laminates acquisition

By Clay Harris

Cookson Group, the industrial chemicals company, is to pay $74m (£45m) for Polyclad Laminates, the largest independent US maker of laminates used in electronic circuit boards. The acquisition is to be funded by the vendor placing of 5.63m Cookson shares at 806p, compared with yesterday's opening price of 812p.

Polyclad is the market leader in multi-layer laminates and is a major user of electro-deposited copper foils which Cookson's Electrofoils subsidiary is developing for the European market.

In 1986, New Hampshire-based Polyclad reported pre-tax profits of $5m on sales of $80m. In the current year, it expects profits to rise to $10m on turnover of $100m.

Mr Fergus Munro, finance director, said that Polyclad fit in with Cookson's existing role as supplier to the US electronics industry through subsidiaries including Fry's Metals and Alpha Metals (solders), Stern Metals (precious metals and bonded strips), TAM Ceramics (dialectic materials for capacitors) and Electrovert, a maker of soldering machinery.

The US company's senior management has entered into long-term service contracts with Cookson. The two top executives, who were minority shareholders in the six-year-old venture capital-backed company, will have performance-related five-year contracts.

Polyclad has 580 employees at manufacturing plants in New Hampshire, Massachusetts and California. In the laminates market, it is about the same size as Norplex, a division of Allied Signal, and in-house manufacturing operations of Westinghouse and IBM.

Colorgraphic at £750,000 midway

Colorgraphic, one of the largest printers of advertising literature in the UK, which came to the USM via a placing in May this year, has produced pre-tax profits of £752,000 for the half year to end June compared with £463,000 for the corresponding period of 1986 and £1.13m for the whole of 1986.

Sales were up from £10.42m to £11.03m and after tax of £263,000 (£208,000) attributable profits were £488,000 (£255,000) for earnings of 5.6p (3.22p) per 10p ordinary. There is an interim dividend of 1.33p. Pre-tax margins improved from 5.6 per cent for the 12 months to December 31 last to 6.8 per cent in the first half of 1987. Prospects for the remainder of the year were encouraging, said Mr Nicholas Winks, deputy chairman and chief executive.

He added that Promotion Impressions, acquired for £1.2m cash in August, was already responding to Colorgraphic's emphasis on margins. The company is to issue 600,000 ordinary shares by way of a placing at 220p per share to repay a loan incurred at the time of the Promotion acquisition and to provide for further expansion.

Brierley raises bid for Equity & Law to £452m

BY NICK BUNKER

THE TAKEOVER battle for Equity & Law, the UK-based life assurance group, entered an acrimonious new phase yesterday when Mr Ron Brierley, the New Zealand financier, raised his all-cash bid for the company from 365p to 450p per share.

His increased offer - which values the group at £452m - came just four days after Equity & Law's board recommended shareholders to accept a rival 446p cash-and-shares bid from Compagnie du Midi, the French insurance and industrial holding company.

Equity & Law's shares jumped 21p to close at 456p last night.

Yesterday's new bid from Brierley Investments Limited (BIL) came shortly after early morning telephone discussions between Schroders, Mr Brierley's merchant bank adviser, and Compagnie du Midi, which wants to use Equity & Law as a flagship for life assurance activities in Europe.

During the discussions, the two parties talked about the possibility of Compagnie du Midi purchasing BIL's 29.6 per cent stake in Equity & Law.

Mr Pascal Vienot, Compagnie du Midi's chief financial officer, said events yesterday demonstrated that Mr Brierley was still debating whether he wanted to sell his shares or buy the whole of Equity & Law. They showed that he was interested "not so much in buying the company as in making a financial profit for himself."

Mr Vienot said it was questionable whether Mr Brierley could make a worthwhile return on his investment if he bought Equity & Law at 450p per share "without putting pressure on the company which might not be in the best interests of policyholders."

Mr John Reynolds, a Schroders director, said that over the last few weeks there had been "continual discussions" with Compagnie du Midi, which had been seeking to buy Mr Brierley's 29.6 per cent stake in Equity & Law.

He said that yesterday morning's talks were "perfectly normal". Schroders had contacted Compagnie du Midi's adviser, Kleinwort Benson, to inform the French group that it was raising its bid. "We told them we were very keen buyers at 450p per share. We want the company," he said.

Mr Brierley said he believed that "the improved investment performance we can achieve in conjunction with (Equity & Law's) present management will bring increased benefits for policyholders, and shareholders will benefit accordingly." Given that BIL acquired its 29.6 per cent stake at an average price of about 305p per share, if its new bid is successful it would have paid just over £4 per share for their whole company.

Yesterday's developments left Equity & Law facing what its chief executive, Mr Chris Brocksom, called "a very difficult situation." Equity & Law said its board was considering the two offers and would advise shareholders in due course.

BSG surges 57% to £9.53m

INCLUDING TWO acquisitions, pre-tax profits of BSG International advanced 57 per cent, from £6m to £9.53m, in the first half of 1987.

And with trading in July and August encouraging and profits exceeding budget, the directors forecast that full year figures should not disappoint. The previous year produced £11.8m.

They are raising the interim dividend from 0.48p to 0.6p, and anticipate paying an increased final (0.89p last time).

Turnover in the first half rose to £271.5m (£236m) and trading profit moved ahead to £11.7m (£8.36m). Automative component manufacturing accounted for £4.8m (£2.49m) and other manufacturing- child safety and aircraft equipment, furniture- for £3.14m (£2.42m), while vehicle distribution contributed £3.76m (£3.45m).

At the pre-tax level the profit included £553,000 from Rainsfords in Australia, acquired in November, and £940,000 from the purchase of Restmore in January 1987.

Earnings for the period were 3.48p (3.25p). There was an extraordinary credit of £292,000 comprising profit on sale of properties £668,000 less net closure and reorganisation costs £376,000.

• comment

BSG's policy of increasing the emphasis on its manufacturing operations looks almost perverse at a time when other motor dealers are reaping bumper profits from vehicle distribution. Yet there is method in its apparent eccentricity: it was, after all, distribution which took the group into losses in the early 1980s, and BSG does not trust the present upturn to be anything other than cyclical. Meanwhile the diversification into manufacturing is serving it well: a hiccup in Mothercare's orders for child safety seats may have thrown organic growth in non-automotive manufacturing into temporary reverse, but the elimination of losses at the long-troubled French car mirror subsidiary and the group's ingress into the world's other car accessory markets took the automotive components manufacturing division well ahead. Dilution is restraining earnings growth this year and the group will have to contend with a sharply rising tax charge in 1988 and 1989, but the rapidly rising pre-tax figure - around £18m is in sight this time - should leave enough at the bottom line to justifiy the current year p/e ratio of 14.

Control Securities in joint hotel deal with Heron

BY CLAY HARRIS

Control Securities, the fast-growing property group, and Mr Gerald Ronson's Heron International agreed yesterday to buy nine provincial hotels in England and Wales from Trusthouse Forte, Britain's largest hotel group.

The acquisition, worth between £4m and £5m, is the first deal for a 50-50 joint venture launched in July between Heron and Control. The former put in £25m in capital and the latter is contributing its property management expertise.

The nine two-star and three-star hotels, all freehold properties, have a total of 305 rooms. They also represent Control's first entry into the hotel market.

The hotels range in size from the Marine in Llandudno with 76 rooms to the Royal Sportsman in Porthmadog with 16. The others are the Beach in Minehead, the Robin Hood in Nottingham, the Strand in Bude, the Talbot in Malton, the Ship in Reading, the Queen's in Newport, Gwent, and the White Hart in Chipping Norton.

Mr Nazmu Virani, Control chairman, said that further investments by the joint venture were also likely to focus on leisure, including pubs as well as hotels. Heron separately took an equity stake in Control (now diluted to about 3.5 per cent) in partial payment for 23 commercial properties sold to Mr Virani's group for £27.5m in July.

THF said that the sales were part of its continuing disposal programme for smaller hotels.

The acquisition is the second major deal for Control in less than a week. Last Friday, it agreed to buy 10 commercial properties from London & Edinburgh Trust for £60m in cash and shares.

Time Products makes strong improvement

Time Products, the London-based watch and jewellery group, made strong progress during the first six months of the 1987-88 year and for the period saw its profits more than double from £2.32m to £4.98m pre-tax.

Shareholders benefit via a 1p increase in their interim dividend to 1.75p net per 10p share.

Mr Richard Langdon, chairman, said UK trading was satisfactory with encouraging results from the major house brands, Sekonda and Limit.

He added that prestige watch distribution in both the UK and North America continued to grow and was making an increasingly important contribution to group profits.

For the half year to July 31, turnover pushed ahead from £21.11m to £24.21m. Profits before interest income improved from £2.63m to £4.13m. The UK contribution rose from £1.04m to £2.13m while that from Hong Kong reflected buoyant trading conditions there and advanced by £0.41m to £2m.

Pre-tax profits included interest income of £0.9m resulting from the sale of the retail division.

After tax of £1.08m (£0.41m) profits at the available level worked through at £3.9m (£1.91m), equal to earnings of 7.86p (3.85p) per share.

Mr Langdon pointed out that as a result of the sale of the retail division there would be a more even distribution of profits between the first and second halves of the year. To date, trading in the second half has been good.

Castle on acquisition trail

Castle Communications, a USM-quoted record and video concern, yesterday announced 1986-87 profits slightly ahead of forecast and also its first acquisition.

Pre-tax profits for the year ended June 30 jumped 54 per cent from £476,000 to £735,000, compared with a forecast of at least £720,000 made in the March, 1987 prospectus. Sales grew 65 per cent to £6.48m.

Mr Terry Shand, the chairman, said he was confident that there was considerable scope for growth in the current year.

The company is to acquire London-based Hendring, a specialist in the music-on-video business, which Mr Shand said would fit perfectly into Castle's business areas. Consideration will be based on Hendring's results over the three years to June, 1989.

The chairman added that the board had identified exciting growth potential in the music-on-video industry and was confident that Hendring would contribute to the group's overall performance in the near future.

Further acquisitions in Castle's own and closely allied sectors were under consideration.

Hendring was incorporated in 1984 by its managing director, Christopher Styllianou. Its business is to acquire the right to manufacture, package and market music video cassettes and video discs, which are then sold by Hendring's exclusive distributor Palace Virgin Gold.

As forecast, there is a dividend of 4p. Tax charge was £293,000 (£195,000) and earnings per 5p share came to 15.7p (12.4p).

Extraordinary charges of £50,000 (£43,000) represented the costs relating to the issue of preference shares in September, 1986. The dividend absorbs £172,000.

COMMODITIES AND AGRICULTURE

Newsprint prices set to increase

By Robert Gibbens in Montreal

TWO OF Canada's largest newsprint producers along with Bowater in the US say they will raise posted prices 6.6 per cent or US$40 a tonne to $650 from January 1 1988.

The two Canadian producers are CIP, one of Canadian Pacific's two forest products arms, and Abitibi-Price. They account for more than 2.5m tonnes a year, about a quarter of Canada's production.

Their mills are in Eastern Canada and the posted price is based in New York. Normally the producers publish three months notice of an increase.

They offer varied discounts from the posted price to large customers.

The latest increase, if it sticks, will come six months after a 7 per cent increase that came into effect on July 1. Pulp prices have been rising each quarter over the past two years and another increase is due on January 1.

bleached kraft northern soft-

This applies to the key wood pulp used partly in newsprint production but more in fine papers. But it pulls other grades upwards.

The North American publishing industry has been booming and US demand for newsprint will be strong again in 1988, a US election year.

CIP and Bowater were the first to announce the January 1 increase and they met some scepticism among users. However, the move is being taken seriously now that Abitibi-Price has joined in. Many other companies would say only that they are studying the situation.

British Sugar sees 1m-tonne beet yield

BRITAIN'S sugarbeet harvest, which started this week, is expected to yield more than 1m tonnes of white sugar, writes Our Commodities Staff.

Over the next four months, British Sugar, the Peterborough-based refiner, will be handling 8m tonnes of sugarbeet at its 13 factories, where almost £40m has been spent improving handling and production.

Tin producers agree to extend export controls

BY WONG SULONG IN KUALA LUMPUR

THE SEVEN-NATION Association of Tin Producing Countries (ATPC), has agreed to extend its export control programme by another year from next February to help the recovery of tin prices.

A statement at the end of the ATPC ministerial meeting in Kuala Lumpur yesterday said the programme had succeeded in cutting the large stocks of surplus tin on the world market. It expressed optimism that the market would "return to normal sooner than expected."

Dr Lim Keng Yaik, Malaysia's Primary Industry Minister and new ATPC chairman, said the export quota would remain at 96,000 tonnes a year. Individual quotas would be worked out by the ATPC executive committee.

There would be some redistribution of quotas among members, but it would not be substantial.

Under the present arrangement, Malaysia is allocated 28,526 tonnes, Indonesia 24,516 tonnes, Thailand 19,000 tonnes, Bolivia 13,761 tonnes, Australia 7,000 tonnes, Nigeria 1,461 tonnes and Zaire 1,736 tonnes.

Bolivia is not expected to meet its quota because of the closure of some major mines.

"The export control scheme is working because the quotas have been fixed near the peak capacity of individual members. The problem will arise if prices improve substantially to attract new production," one ATPC delegate said.

Dr Lim said the tin price, currently just below 17 ringgit a kilo, is expected to rise to between 20 and 22 ringgit by the end of 1988. Brazil and China, both big producers not belonging to the ATPC, attended the meeting as observers and pledged to limit exports to 21,00 tonnes and 5,000 tonnes respectively.

The ATPC statement said since the inception of the export control scheme in March 1987, the rate of depletion of overhanging stocks had averaged some 2,80 0tonnes a month, well above the target rate under the scheme.

"A rate of at least 2,800 tonnes per month can be maintained for the remaining part of the supply rationalisation period," it said.

Overhanging stocks at the end of July were estimated at 59,000 tonnes compared with 73,000 tonnes in February 1987. They are expected to decline to 45,000 tonnes by the end of the year.

The statement urged producers and consumers to agree to the formation of an international tin study group to take over some of the functions from the International Tin Council, from 1989.

Mr Redzuan Sumun, Malaysia's chief inspector of mines, was appointed ATPC executive secretary to replace Mr Victor Siahan of Indonesia, whose term has expired.

WEEKLY METALS

ALL PRICES as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,225-2,250 (2,240-2,280).

BISMUTH: European free market min 99.99 per cent, $ per lb, tonne lots in warehouse 4.50-4.65 (4.45-4.65).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 2.18-2.25 (2.20-2.27), sticks 2.18-2.25 (2.20-2.27).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse 6.45-6.70 (same).

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 305-312 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse 2.98-3.05 (3.00-3.05).

SELENIUM: European free market, min 99.5 per cent, $ per lb in warehouse, 5.85-6.10 (5.75-6.00).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 38-53 (40-55).

VANADIUM: European free market min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif 2.72-2.82 (2.68-2.78).

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 16.65 (same).

Zaire seeks protection for copper

ZAIRE HAS urged a ministerial meeting of the Intergovernmental Council of Copper Exporting Countries (CIPEC) to defend market share in the face of competition from substitute materials, Reuter reports from Kinshasa.

Mr Ileo Itambala, Zairean Mines and Energy Minister, called for the establishment of a long-term strategy to boost copper demand.

He promised that Zaire would work for solidarity within CIPEC, which includes Zaire, Chile, Peru and Zambia and other smaller producers.

The copper market is threatened by technological changes, warned Mr Itambala—a possible reference to an expected increase in the use of more compact glass fibres as conductors in telecommunications.

CIPEC, celebrating its 20th anniversary this year, represents "a force which cannot be ignored by the market and in the copper industry," he added.

Cocoa boost forecast

BY DAVID BLACKWELL

WORLD COCOA production for the 1987/88 season will be 2.06m tonnes — an increase of 114,000 tonnes over this season's output, according to the latest report from Gill & Duffus, the influential London trading house.

Gill and Duffus also predicts an increase of 4 per cent in world cocoa grindings for 1987/88 to 1.93m tonnes. Although an annual growth rate this high is not unknown, it would mark a sharp improvement on recent years, and reflects the robust health of the world confectionery industry.

Cocoa output is continuing to grow in both Indonesia and Malaysia, where technological economies are leading to expanding production at diminishing cost, says the report.

First oil palm plantation for Zimbabwe

BY VICTOR MALLET, RECENTLY IN SOUTHERN ZIMBABWE

THE BULLDOZERS are moving into the Mwenezi River valley in Zimbabwe's hot south-eastern corner to transform thousands of hectares of the lowveld into the country's first plantation of oil palm.

This ambitious project, said to be the largest new investment in Zimbabwe since independence in 1980, is the work of Aberfoyle Holdings of the UK and will take up to 10 years to pay for itself.

Total investment is about US$100m, of which US$30m to US$40m is expected to be in foreign exchange, according to Mr Bernard Lewis, chief executive of operating company Mwenezi Development Corporation.

At its peak, the project's 2m trees should produce more than 50,000 tonnes of crude palm oil and earn more than US$80m a year. Oil palms take eight years to reach maturity.

Drip irrigation is the key to the success of the Mwenezi project. A dam under construction will be the fourth largest in the country.

Of the 22,000 hectares to be acquired by the project, at least 12,000 are suitable for oil palms. Of this, 8,000 ha will form the core estate and the rest will be divided into 2 ha smallholdings for outgrowers.

Mr Lewis, who used to run the Guthrie plantations in Malaysia, believes that the Zimbabwean project could produce some of the highest yields in the world.

Projections show that each hectare of oil palms on the core estate is expected to yield at maturity 25 tonnes of fresh fruit bunches a year.

Tim Dickson continues our series on planned EC farming cuts

Nightmares dispelled on dairy policies

TWELVE MONTHS ago the EC's dairy policies were turning distinctly sour.

Milk quotas had failed to bite, butter and skimmed milk powder were pouring into stores at a rate which threatened to swamp the EC budget, and world market prices were so depressed that member states and the Commission were almost giving away the surpluses which had cost so much to produce.

What has happened since suggests that even in the life of the Common Agricultural Policy (CAP) a year can be a remarkably long time. The sector which was unquestionably the number one farm policy nightmare in Brussels throughout much of 1986 is now being widely touted as a shining example of wise and successful CAP reform.

Experts in the Commission point to the impact of last December's additional 9½ per cent cuts in national milk quotas, due to be fully implemented by the middle of 1989. They also quote the restrictions subsequently, if reluctantly, placed by farm ministers on the pivotal system of guaranteed "intervention" buying.

Community purchases of butter and skimmed milk powder, for example, amounted to just a few thousand tonnes this summer. This is a mere trickle compared with the average 50,000 tonnes per month of butter alone which was flowing in during the middle of last year.

European market prices for both commodities appear to be rising, and the price of skimmed milk powder—if not butter—on world markets has substantially increased.

Last but not least, the Community's emergency butter stock disposal programme involving the sale of 1m surplus tonnes of butter over two years is on target.

The upbeat mood in Brussels, reinforced by the belief that there will be a knock-on effect on the beef sector, is essential to understanding the key dairy proposals made by the Commission last week in the context of its wide-ranging plans for budget stabilisers.

Although not said in so many words, these provide for an indefinite continuation of the milk quota system beyond the end of the temporary regime in 1989. It is the only measure which has clearly halted the strong upward trend in deliveries, insists the Commission.

But the proposals also contain key adjustments designed to provide more flexibility to the system.

Achievements in the dairy sector, moreover, have implications for CAP reform as a whole. Almost everyone in Brussels agrees that savage price cuts would be the quickest and most effective way to bring agricultural markets back into balance, but there is an equally widespread appreciation that this is politically impossible.

For all their imperfections, quotas are now widely seen as the next best option in the fight to keep spending under control.

The report just published in Brussels on the application of the system after its first three years shows that production, or "reference quantities," were set too high from the outset. This point is understood to be a key criticism of a separate report shortly to be published by the Court of Auditors.

But last December's additional measures are designed to bring milk production down from the 101.4m tonnes recorded in 1984 to about 92.3m tonnes by next year.

This is still 5m tonnes above the expected level of EC consumption, though the report says—optimistically, some feel—that "market equilibrium should be attained" by the end of a proposed transitional period which the Commission says should run from April to September 1989.

The quota year should then run from October 1 to September 30. The Commission and many dairies feel this should better reflect production patterns but it is not likely to meet with such an enthusiastic response from farmers.

More controversially, the Commission would like to make permanent the "temporary suspension" of quotas which made up 5½ per cent of last year's 9½ per cent production cuts.

This is bound to prove a bitter pill for Mr Ignaz Kiechle, the West German Agriculture Minister, to swallow. He already has the problem of digesting the Commission's plans to taper off compensation to farmers—currently Ecu 10 per 100 kg—finally winding it up in 1990-91.

There will also be a lot of interest in the Commission's ideas—not yet fully formulated—on making the system more flexible. This represents something of a U-turn in relation to earlier Brussels thinking, when the Commission tried to stop transfers of unused quotas between regions and took Britain to task for quota leasing.

Now it wants to encourage this practice. As the paper makes clear, Commissioners would like to go further and remove the link between the quota and the holding which currently exists and which in some areas of the Community is badly distorting land values.

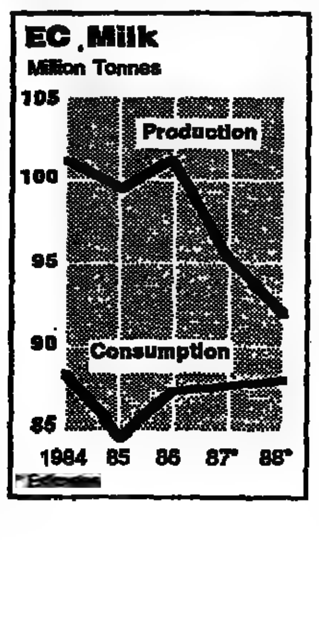
There are fears that this could have an adverse impact on poorer regions, with rich farmers expanding at the expense of the less viable, but it is understood that safeguards will be built into this proposal.

For all the optimism in the Commission it is worth noting that financial costs to the Community are still large. Spending on the dairy sector is expected to rise from more than Ecu 5.6bn this year to Ecu 6.35bn in 1988, largely due to the compensation. And that does not include the costs of the butter disposal programme being borne directly by member states until 1989.

Furthermore, it could still all go wrong. Production and the potential of rising yields may appear capped for now but question-marks remain over levels of consumption.

"I am particularly worried about the threat from butter mixes and low fat milk," one senior Commission official confided recently.

The other threat lies in international markets, where a big increase in world production could halt the upward momentum in prices and just as importantly weaken the resolve of EC farm ministers to make substantial sacrifices.



LONDON MARKETS

COFFEE PRICES continued to recover in London yesterday. The three-month robusta contract breached the £1,300-per-tonne level for the first time since the International Coffee Organisation's export quota talks began 10 days ago, adding £16 to close at £1,312.50 a tonne. Dealers said the market, which continued to be optimistic about the outcome of the talks, was also helped by the strength of the dollar. In contrast cocoa prices declined, with dealers noting the news that world supplies for 1987-88 will be in surplus for the fourth successive year. Meanwhile the recent run-up in aluminium prices petered out on the London Metal Exchange. Dealers attributed gains in morning trading to shortcovering, which found the market thin. But once the buying stopped, prices fell back.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) $ per tonne	+ or —	High/Low
Cash	1980-2000	—	—
3 months	1840-50	—5	—

Official closing (am): Cash 1,945-55 (1,960-80), three months 1,815-25 (1,825-30), settlement 1,955 (1,980). Final Kerb close: 1,840-50. Ring turnover: 500 tonnes.

99.5% purity	£ per tonne		
Cash	1195-9	—11	—
3 months	1118-20	+3.5	1125/1105

Official closing (am): Cash 1,178-81 (1,192-3), three months 1,107-8 (1,101-2), settlement 1,181 (1,193). Final Kerb close: 1,115-16. Ring turnover: 17,675 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1144-5	—9.5	1148/1140
3 months	1127.5-8	—1.75	1130/1124.5

Official closing (am): Cash 1,136-7 (1,137-8), three months 1,120-2 (1,119-21), settlement 1,137 (1,139). US Producer prices 85.25-88.25 cents a pound. Total ring turnover: 47,925 tonnes.

Standard			
Cash	1140-2	—	—
3 months	1121.5-3.5	—0.5	—

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	352.5-3	—11.25	359
3 Months	350-55.5	—6.25	356/345

Official closing (am): Cash 359-9.5 (361-2), three months 352-3 (351-2), settlement 359.5 (362). Final Kerb close: 353-4. Ring turnover: 7,850 tonnes. US Spot: 42 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	3285-95	+5	3295/3300
3 months	3290-3300	+7.5	3315/3290

Official closing (am): Cash 3,305-10 (3,300-5), three months 3,313-15 (3,300-1), settlement 3,310 (3,305). Final Kerb close: 3,290-3,300. Ring turnover: 1,074 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	472-3	+2.5	472
3 months	473.5-4	+1.25	477/472

Official closing (am): Cash 472-3 (475-7), three months 472-3 (478-9), settlement 473 (477). Final Kerb close: 476-7. Ring turnover: 12,075 tonnes. US Prime Western: 43-43.75 cents a pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.		Puts Nov.	
Aluminium 99.7%	—	—		—	
	—	—		—	
	—	—		—	
		Nov.	Jan.	Nov.	Jan.
Aluminium 99.5%	1,800	115½	65½	25	129½
	1,850	83	49½	40	162
	1,900	57	36¼	65½	198½
Copper (Grade A)	1,800	81	84½	38½	73
	1,850	62¼	62½	49½	99½
	1,900	31½	44½	78¼	131
Copper (Grade A)	£/tonne 1,100	50	49½	11	33½
	1,125	34	37½	20	45
	1,155	21½	27½	32½	59

TIN

KUALA LUMPUR TIN MARKET—Close: 16.96 (same) ringgit per kg.

GOLD

GOLD BULLION (fine ounce)	Sept. 29	
Close	$460-460½	(£281¾-282¼)
Opening	$458-458½	(£282-282½)
M'n'g fix	$458.90	(£281.793)
Aft'n'n fix	$459.40	(£282.413)
Day's high	$460-460½	—
Day's low	$457¾-458¼	—

GOLD AND PLATINUM COINS		
Am Eagle	$472-477	(£289¾-293)
Mapleleaf	$473-476	(£290½-292¼)
Kr'g'r'nd	$459-462	(£281¾-283¾)
½ Krug	$244-245	(£149¾-150½)
¼ Krug	$125½-126½	(£77-77¾)
Angel	$469-472	(£288-289¾)
1/10 Angel	$49-54	(£30-33¼)
New Sov.	$107½-108½	(£66-66¾)
Old Sov.	$107½-109	(£66-67)
Noble Plat.	$600-680	(£368½-357¼)

JUTE

JUTE — October/November C and F Dundee BTC $570, BWC $580, BTD $485, BWD $485; C and F Antwerp BTC $540, BWC $530, BWD $475, BTD $485.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 67.25p (67.00p); Nov 68.25p (68.00); Dec 68.50p (68.25p). The Kuala Lumpur fob prices (Malay/Singapore cents per kg) was: RSS No 1 267.0 (268.0); SMR 20 251.5 (253.0).

INDICES

REUTERS

Sept. 28	Sept. 25	M'th ago	Year ago
1643.7	1646.2	1661.6	1544.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Sept. 28	Sept. 25	M'th ago	Year ago
Spot	126.79	127.05	—	123.11
Fut	130.35	130.76	—	124.11

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Sept. 29 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1935/955	—20	$1680/700
Copper			
Cash Grade A	£1144.5	—9.5	£1047.5
3 months	£1127.75	—1.75	£1035.75
Gold Troy oz	$460.25	—3	$453.25
Lead Cash	£352.75	—11.25	£412.5
3 months	£350.25	—6.25	£388.5
Nickel			
Free Mkt	245/255c	—1	245/247c
Palladium oz	$135.50	—0.25	$137.00
Platinum oz	$579.25	—6.75	$595.75
Quicksilver†	$305/315		$280/288
Silver troy oz.	464.40p	—0.25	455.10p
3 months	476.60p	—0.75	466.70p
Tin			
free Mkt	£4185/215	+35	£4200/250
Tungsten	$53.78		$55.23
Wolfram 22.0lb	$38/50		$43/55
Zinc	£472.5	+2.5	£473.5
3 months	£473.75	+1.25	£476.5
producers	$860		$850
OILS			
Coconut (Phil)	$500 w		$490
Palm Malayan	$365z		$385
Seeds			
Copra (Phil)	$330		$315
Soyabean (U.S.)	$152v		$145
GRAINS			
Barley Fut. Jan.	£105.80	+0.35	£100.30
Maize	£131.50v		£153.00
Wheat Fut. Jan.	£107.80	+0.75	£103.60
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1215.5	—15.5	£1266.5
Coffee Ft. Nov	£1312.5	+16	£1345.5
Cotton A Ind.*	80.50c	—2.1	85.00c
Gas Oil. Nov.	$161	+0.25	$157.5
Rubber (kilo)	67.25p	+0.25	70.25p
Sugar (raw)	$162w	—0.6	$147.4
Wooltops 64s	485p kilo		527p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. v Oct. x Aug-Sept. w Oct-Nov. u Sept-Oct. y Nov. z Dec.

SILVER

Silver was fixed 0.8p an ounce lower for spot delivery in the London bullion market yesterday at 464.4p. US cent equivalents of the fixing levels were: Spot 765c, down 8c; three-month 770.75c, down 7.35c; six-month 786.75c, down 7.25c; and 12-month 820.6c, down 8.35c. The metal opened at 465-467p (765-767c) and closed at 465½-467½p (759-761c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoff'l	+ or —
Spot	464.40p	—0.80	759.5p	—3.5
3 months	476.60p	—0.75	773.5p	—2.5
6 months	488.95p	—0.80	—	—
12 months	512.75p	—1.65	—	—

Three months final kerb 772-5p.

LME — Turnover: Nil (nil) lots of 10,000 ounces.

COFFEE

The market chose largely to ignore reports from the ICO meeting, reports Drexel Burnham Lambert. After opening on the highs of the day due to some light commission house buying, prices drifted lower as interest waned.

COFFEE	Yesterday close	+ or —	Business done
Sept.	1280-1283	+16.5	1290-1275
Nov.	1310-1318	+16.0	1320-1300
Jan	1343-1344	+30.6	1348-1325
Mar.	1357-1358	+13.0	1366-1346
May	1375-1377	+14.5	1380-1372
July	1395-1405	+17.5	1399-1352
Sept.	1400-1420	+15.0	—

Sales: 3,282 (2,141) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for September 28: Comp. daily 1979 103.89 (103.14); 15-day average 104.84 (104.86).

COCOA

After trading quietly throughout the morning futures eased on aggressive trade selling and closed near the lows, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
Sept.	1170-1181	—17.0	1186-1179
Dec.	1215-1216	—16.5	1232-1211
March	1247-1248	—14.0	1262-1248
May	1265-1267	—16.5	1282-1261
July	1288-1289	—16.0	1305-1288
Sept.	1305-1308	—17.5	1323-1307
Dec.	1328-1329	—17.0	1342-1328

Sales: 4,109 (2,303) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for September 29: 1,524.33 (1,547.55); 10-day average for September 30: 1,547.19 (1,548.37).

FREIGHT FUTURES

The market moved lower on early selling pressure but found support and closed mixed in quiet conditions. The BFI was unchanged and physicals were reported to be quiet, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Oct.	1106/1110	1115/1100	1123
Jan.	1166/1172	1185/1158	1187
Apr.	1199/1200	1215/1200	1220/1250
July	1065/1090	—	1078/1129
Oct.	1170/1190	—	1190
Jan.	1170/1180	—	1177.5
April	1272.5	—	1305
BFI.	1048	—	1045

Turnover: 244 (196).

GRAINS

LONDON GRAINS—Wheat: US dark northern spring No. 2 14 per cent Oct 93.75, Nov 96.25. US No. 2 soft red winter Oct 90.00, Nov 92.25, Dec 94.25. French 11½-12 per cent Oct 136.50 sellers. English feed fob Oct 107.00 buyer, Oct/Dec 108.00/108.50, Jan/March 111.00/111.50, April/June 114.00/114.75 buyer/sellers. Maize: US No. 3 yellow/French transhipment east coast Oct 131.50 seller. Barley: English feed Oct 105.00/106.00 buyer/seller, Oct/Dec 107.50 seller, Jan/March 111.00 seller east coast.

Mnth	WHEAT Yest'dy's close	+ or —	BARLEY Yest'dy's close	+ or —
Nov.	106.10	+0.75	108.20	+0.45
Jan.	107.80	+0.75	105.80	+0.55
Mar.	110.15	+0.55	105.90	+0.45
May	112.65	+0.55	107.50	+0.58
July	114.88	+0.65	—	—

Business done—Wheat: Nov 106.10-5.40, Jan 107.80-7.05, March 110.10-9.50, May 112.55-2.10, July untraded. Sales: 252 lots of 100 tonnes. Barley: Nov 102.20-1.85, Jan 103.70-3.30, March 105.90-5.50, May untraded. Sales: 160 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 101.60, W. Midlands 98.30, N. West 97.60. The UK monetary coefficient for the week beginning Monday October 5 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

Wheat and barley found trade support after an uncertain morning firming on news of bullish Uksats crop estimates and finishing with buying at the highs, reports T. G. Roddick.

US MARKETS

CRUDE OIL continued to trade within the recently-established range in a session dominated by local activity and two-sided hedging, reports Drexel Burnham Lambert. The trade tended to sell rallies and buy dips as he market traded in light volume. The precious metals were also quiet. Silver led the way, rallying on fund and local buying before gains were pared by local liquidation. Gold recovered from early losses against European markets as late trade, commission house and local buying emerged. Copper was quietly lower, closing near where it was expected to trade against cash prices. Commission house activity on both sides of the market prevented a decisive move. Cotton futures were erratic, initially falling sharply on commission house selling before local and trade buying saw prices attempt to reach the 71.60 level, basis December. However, scale-up trade selling prompted liquidation which forced the market to back-off from the highs. Coffee rallied on speculative buying on growing optimism over prospects of a viable International agreement. In cocoa speculative selling kept the market under pressure in the absence of manufacturer support as the market anticipated publication of a eport indicating a larger-than-expected world surplus of production over onsumption.

NEW YORK

ALUMINIUM 40,000 lbs; cents/lbs	Close	Prev	High	Low
Oct	83.00	83.30	—	—
Nov	83.00	83.30	—	—
Dec	83.00	83.30	82.00	82.00
Jan	80.10	80.40	—	—
March	76.35	76.75	—	—
May	71.50	72.00	71.50	71.50
July	69.00	69.50	—	—
Sept	65.00	65.00	—	—

COCOA 10 tonnes; $/tonnes	Close	Prev	High	Low
Dec	1854	1908	1905	1852
March	1872	1920	1918	1871
May	1899	1943	1931	1898
July	1923	1966	1960	1943
Sept	1955	1993	1980	1955
Dec	1985	2023	2020	1985

COFFEE "C" 37,500 lbs; cents/lbs	Close	Prev	High	Low
Dec	115.80	114.56	115.30	114.35
Mar	119.13	118.00	119.25	118.10
May	120.84	119.25	120.70	119.10
Jul	122.25	120.50	122.25	120.75
Sep	123.60	122.25	123.00	122.10
Dec	125.10	122.50	123.50	123.00

COPPER 25,000 lbs, cents/lb	Close	Prev	High	Low
Oct	81.40	81.85	—	—
Nov	81.30	81.60	—	—
Dec	81.15	81.55	81.50	80.90
Jan	80.70	81.05	—	—
March	79.60	80.05	80.00	79.50
May	79.20	79.55	79.30	79.00
July	78.10	78.30	—	—
Sept	81.65	82.05	82.65	81.45
Dec	78.10	78.50	78.25	77.95

COTTON 50,000 lbs; cents/lbs	Close	Prev	High	Low
Oct	72.15	72.52	72.55	71.55
Dec	71.37	71.52	71.55	70.80
March	72.90	73.25	73.00	72.30
May	73.40	73.75	73.60	72.65
July	73.10	72.50	72.40	72.45
Oct	67.10	66.25	67.35	66.75
Dec	65.40	64.82	67.75	65.70

CRUDE OIL (LIGHT) 42,000 US gallons; $/barrels	Latest	Prev	High	Low
Nov	19.52	19.45	19.55	19.33
Dec	19.43	19.32	19.44	19.22
Jan	19.33	19.23	19.34	19.13
Feb	19.27	19.18	19.30	19.11
Mar	19.23	19.14	19.23	19.13
Apr	19.16	19.10	19.18	19.07
May	19.12	19.07	19.12	19.04
Jun	19.05	19.05	19.05	19.01
Jul	19.00	19.0	—	—
Aug	19.00	19.02	—	—

GOLD 100 troy oz; $/troy oz	Close	Prev	High	Low
Oct	458.0	460.0	459.5	457.5
Nov	461.3	463.3	—	—
Dec	464.4	466.4	466.5	463.5
Feb	470.9	472.9	472.9	470.0
April	477.4	479.4	479.0	475.0
June	484.0	486.0	485.2	484.5
Aug	490.9	492.9	—	—
Sept	460.0	460.1	461.0	461.0
Oct	498.1	500.1	—	—
Dec	505.4	507.4	507.0	505.0
Feb	512.9	514.9	—	—
June	528.1	530.1	529.5	529.5

HEATING OIL 42,000 US gallons; cents/US gallons	Latest	Prev	High	Low
Oct	54.10	53.40	54.10	53.20
Nov	54.50	53.83	54.50	53.70
Dec	54.95	54.36	54.95	54.28
Jan	55.35	54.82	55.35	54.75
Feb	55.50	55.00	55.50	54.80
March	53.40	53.10	53.45	53.10
April	51.86	51.75	51.85	51.65
May	50.75	50.56	—	—
June	50.40	50.00	50.60	50.25

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Prev	High	Low
Nov	132.00	131.75	132.25	131.55
Jan	130.00	129.90	131.10	129.70
March	132.20	130.20	130.45	130.00
May	130.80	130.55	130.80	130.60
July	131.25	130.75	131.25	131.00
Nov	130.95	130.46	—	—
Jan	130.95	130.45	—	—

PLATINUM 50 troy oz; $/troy oz	Close	Prev	High	Low
Oct	584.2	589.1	587.0	581.5
Dec	591.2	—	592.0	582.0
Jan	593.6	598.1	597.0	591.0
Apr	602.4	606.9	604.5	600.5
July	611.3	615.8	614.0	609.0
Oct	620.6	625.1	623.0	620.0
Jan	630.1	—	629.5	629.5

SILVER 5,000 troy oz; cents/troy oz	Close	Prev	High	Low
Oct	764.5	760.7	767.0	752.0
Nov	770.5	766.0	—	—
Dec	775.5	771.0	781.0	760.0
Jan	780.5	776.0	—	—
Mar	792.5	787.3	796.0	778.0
May	2804.3	798.5	809.0	790.0
Jul	816.4	811.5	809.0	809.0
Sep	760.3	769.5	—	762.0

SUGAR WORLD "11" 12,000 lbs, cents/lb	Close	Prev	High	Low
Oct	6.16	6.18	6.38	6.10
Jan	6.60	6.59	6.68	6.49
March	7.18	7.03	7.26	6.98
May	7.37	7.27	7.47	7.22
July	7.52	7.42	7.60	7.41
Oct	7.75	7.65	7.84	7.59
Jan	7.90	7.88	—	—

CHICAGO

LIVE CATTLE 40,000 lbs; Cents/lbs	Close	Prev	High	Low
Oct	68.15	68.37	68.40	67.92
Dec	67.95	68.27	68.37	67.77
Feb	67.15	67.45	67.50	66.95
April	68.22	68.55	68.50	68.00
June	68.17	68.47	68.40	67.95
August	66.90	67.10	67.00	66.67
Oct	65.36	65.70	66.00	65.35

LIVE HOGS 30,000 lb; Cents/lb	Close	Prev	High	Low
Oct	47.88	47.77	48.10	47.35
Dec	45.20	45.02	45.30	44.52
Feb	43.57	42.90	43.80	42.35
Apr	40.78	40.55	40.92	40.20
Jun	43.15	42.57	43.18	42.80
July	43.58	43.60	43.65	43.35
Aug	42.80	42.70	42.80	42.45
Oct	39.80	39.58	40.00	39.80
Dec	40.70	40.70	—	—

MAIZE 5,000 bu min; cents/56lb-bushel	Close	Prev	High	Low
Dec	182.0	179.4	182.0	178.4
March	191.0	189.2	191.0	187.6
May	195.6	194.0	195.6	192.6
July	198.0	196.2	198.0	195.4
Sept	195.0	193.4	195.4	193.2
Dec	195.2	194.0	195.6	193.4
March	202.4	201.0	202.4	202.4

PORK BELLIES 38,000 lb; Cents/lb	Close	Prev	High	Low
Feb	56.62	57.80	58.12	55.65
Mar	56.42	57.35	57.40	55.95
May	56.90	57.75	57.70	56.45
July	56.57	57.32	57.60	56.60

SOYABEANS 5,000 bu min, cents/60 lb-bushel	Close	Prev	High	Low
Nov	531.0	526.0	532.0	524.4
Jan	537.2	533.2	538.2	531.4
March	544.2	539.6	545.0	539.2
May	549.4	546.0	550.0	534.4
July	551.4	548.0	552.4	546.2
August	545.0	544.0	548.4	543.4
Sept	537.4	534.4	537.4	533.0
Nov	533.6	531.2	534.4	530.0

SOYABEAN MEAL 100 tons, $/ton	Close	Prev	High	Low
Oct	172.4	170.4	172.5	169.5
Dec	167.6	165.1	167.8	164.8
Jan	165.4	163.0	165.7	162.9
March	164.2	162.0	164.5	161.5
May	163.2	161.2	163.5	161.0
July	162.2	160.2	162.5	161.0
Aug	161.2	160.0	162.0	160.5
Sept	160.0	159.8	160.0	160.0
Oct	160.0	159.1	160.0	160.0
Dec	160.0	158.5	160.0	160.0

SOYABEAN OIL 60,000 lbs, cents/lb	Close	Prev	High	Low
Oct	16.76	16.87	16.87	16.69
Dec	17.20	17.27	17.28	17.06
Jan	17.40	17.44	17.44	17.26
March	17.71	17.76	17.76	17.57
May	17.90	17.96	17.96	17.82
July	18.12	18.12	18.15	18.05
Aug	18.17	18.17	18.25	18.05
Sept	18.15	18.20	18.30	18.10
Oct	18.30	18.25	18.30	18.25
Dec	18.40	18.40	18.35	18.45

WHEAT 5,000 bu min; cents/60lb

5,000 bu min; cents/60lb-bushel	Close	Prev	High	Low
Dec	292.0	291.0	293.0	289.0
Mar	298.4	298.0	300.2	296.0
May	291.0	289.4	292.4	288.4
Jul	275.6	274.2	277.0	274.0
Dec	279.6	277.4	—	—

SPOT PRICES: Chicago loose lard 18.00 (same) cents per pound. Handy and Harman silver bullion 758.5 (765.0) cents per troy ounce. New York tin 316-317 (same) cents per pound.

POTATOES

A bearish Dutch crop estimate (640,000 tonnes nett down on last year) weakened Amsterdam futures by Fl 1.5 and the London market followed suit on the opening, trading at £129.50, basis April. Good buying support was seen with keen commission house buying lifting levels during the morning but further selling towards the close moved prices back towards the day's lows.

Month	Yesterday's close £ per tonne	Previous close	Business done
Nov.	81.50	83.00	82.00-81.10
Feb.	92.00	95.50	95.00
March	85.00	85.00	85.00
Apr.	129.60	132.60	131.30-129.50
May	143.50	147.00	145.00-143.00

Sales: 1,20 (193) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel) Oct.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.07-17.12*	—0.03
Brent Blend	18.50-18.55	—0.01
W.T.I. (1pm est)	19.45-19.55*	—0.085
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($per tonne)		
Premium gasoline	177-179	+2
Gas Oil	159-160	n/a
Heavy fuel Oil	96-97	—
Naphtha	163-165	+5

* November

Petroleum Argus estimates

SOYABEAN MEAL

Throughout a thinly-traded session prices rose on professional and consumer buying with commercials light sellers on the summer positions, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or —	Business done
October	130.2-130.6	+0.96	129.5
Dec.	130.3-130.7	+0.75	130.0-129.5
Feb.	130.5-131.5	+0.75	130.5
April	131.5-132.5	+0.50	—
June	125.7-128.2	—0.05	126.6
August	124.5-125.5	+0.58	126.0
October	128.9-129.5	+0.75	—

Sales: 145 (nil) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $162.00 (£99.80), down 60c (up 60p) a tonne for October-November delivery. White sugar $185.00, down $1.00.

	Yesterd's close $ per tonne	Previous close	Business done
No. 6 Raws			
Oct.	139.0-140.0	131.0-139.0	142.0-137.8
Dec	150.0-152.6	149.0-149.2	150.0-148.8
Mar	159.8-159.8	157.8-158.2	162.0-158.8
May	163.8-163.8	162.8-162.8	164.4-161.6
Aug	167.0-168.0	166.2-166.6	169.4-166.8
Oct.	171.8-172.6	170.4-170.8	173.8-171.8
Dec	175.2-177.2	174.0-175.4	—
No. 5 Whites			
Dec	185.0-187.0	185.4-186.2	187.6-184.8
Mar	191.5-193.4	191.4-191.8	195.8-190.5
May	194.8-197.4	195.8-196.2	196.4-195.0
Aug	202.0	202.0	204.0
Oct.	203.5-206.8	203.8-206.0	205.0-203.8
Dec	209.5-209.8	209.8-210.0	208.3-206.8
Mar.	211.0-214.0	212.0-216.0	—

Sales: No 6 4,376 (3,698) lots of 50 tonnes; No 5 2,046 (1,672).

PARIS—Whites (FFr per tonne): Dec 1139-1145, March 1185-1190, May 1207-1217, Aug 1233-1247, Oct 1260-1272, Dec 1288-1300.

Tate and Lyle delivery price for granulated basis sugar was £204.50 (£204.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for September 28: Daily price 6.01 (5.92); 15-day average 5.89 (5.85).

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
Oct	159.75	—0.25	159.25-57.50
Nov	161.00	+0.25	161.25-59.50
Dec	162.50	—	165.00-61.00
Jan	163.00	—0.75	—
Feb	163.00	—1.25	163.00

Turnover: 3,544 (1,431) lots of 100 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.51p per kg lw (−0.43). GB—Sheep 171.00p per kg est dcw (+15.45). GB—Pigs 74.60p per kg lw (+0.93).

deil ìnolitjs

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Strong demand boosts dollar

THE DOLLAR rose sharply yesterday after heavy buying in Tokyo by Japanese trust banks. One bank alone bought at least $450m and once the Y144.50 level had been breached there was a rush to cover short positions. The reasoning behind the sudden desire to buy dollars was not immediately clear but subsequent events tended to beray the rather technical nature of the purchases and some dealers were a little wary about the rise, given the dollar's rather bearish undertone.

The rush to cover positions had been achieved by the start of trading in London and from opening levels, the US unit tended to drift a little. However it had broken out of the recent trading range, bringing into play a number of chart based predictions. There seemed to be little prospect of a rapid return to the levels seen before yesterday's heavy buying but fundamentals affecting the dollar still tended to point towards a weaker trend.

Nevertheless activity ahead ofthe month end and interest in the US Treasury refunding programme which started yesterday, tended to provide short term demand for the dollar.

The dollar touched a best level of Y146.25 against the yen and finished at Y146.15 up from Y144.10 on Monday. Against the D-Mark it rose to DM 1.8395 from DM 1.8250 and finished elsewhere at SFr 1.5285 from SFr 1.5140 and FFr 6.1225 compared with FFr 6.0825. On Bank of England figures, the dollar's exchange rate index rose from 101.3 to 102.0.

Sterling traded steadily all day after opening a little weaker, mainly as a result of the dollar's improvement. The Bank of England was active as the pound moved up towards the DM 3.00 level. However the market once again failed to find sufficient impetus to test the authorities' determinaton to defend this level. Sterling's exchange rate index finished at 73.1 against 73.0 at the opening and 73.2 on Monday night.

The pound slipped to $1.6285 against the dollar from $1.6420 an was held to DM 2.9950 against the D-Mark at the close after DM 2.9975 on Monday. Elsewhere it finished at SFr 2.49 from SFr 2.4850 and FFr 9.97 from FFr 9.9875.

D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7690. August average 1.8573. Exchange rate index 146.1 against 147.5 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM1.8417 up sharply from DM1.8253 on Monday. The rise reflected heavy buying in Tokyo overnight by Japanese banks and this prompted stop loss selling which accelerated the trend.

Comments by Mr Karl Otto Poehl, Bundesbank president, stressing that West Germany had done what it could to stimulate its economy appeared to have little effect. The statement was seen as a response to remarks made by President Reagan, urging those countries with trade surpluses to boost domestic demand.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. August average 147.57. Exchange rate index 219.1 against 217.2 six months ago.

A $450m buying order from a Japanese trust bank pushed the dollar sharply higher in Tokyo. It closed at Y146.05 up from Y144.20 on Monday.

The US unit had broken through an important chart level at Y144.50 and the large order came soon after.

£ IN NEW YORK

Sept. 29	Latest	Previous Close
£ Spot	1.6415-1.6425	1.6385-1.6395
1 month	0.30-0.29pm	0.33-0.30pm
3 months	0.93-0.90pm	0.97-0.95pm
12 months	2.78-2.68pm	2.67-2.60pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Sept. 29	Previous
8.30 am	73.0	73.2
9.00 am	73.0	73.2
10.00 am	73.0	73.2
11.00 am	73.0	73.2
Noon	73.0	73.1
1.00 pm	73.0	73.1
2.00 pm	73.0	73.1
3.00 pm	73.0	73.1
4.00 pm	73.1	73.2

CURRENCY RATES

Sept. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.78667	0.694073
U.S. Dollar	5.5	1.2787	1.12891
Canadian $	8.75	*	1.47910
Austrian Sch.	4	16.5660	14.6228
Belgian Franc	7¾	48.8799	43.1187
Danish Krone	7	9.04904	7.98648
Deutsche Mark	3	2.3551	2.07753
Neth. Guilder	4½	2.64229	2.33741
French Franc	9½	7.8409	6.92022
Italian Lira	12	N/A	1498.85
Japanese Yen	2½	185.99	164.934
Norway Krone	8	N/A	7.58120
Spanish Peseta	—	N/A	137.783
Swedish Krona	7½	N/A	7.27583
Swiss Franc	3.5	N/A	1.72610
Greek Drach.	20½	179.970	159.041
Irish Punt	—	N/A	0.774340

*CS/SDR rate for Sept. 29: 1.48742

CURRENCY MOVEMENTS

Sept. 29	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.1	−20.3
U.S. Dollar	102.0	−5.3
Canadian Dollar	79.2	−9.1
Austrian Schilling	136.7	+9.9
Belgian Franc	99.5	−4.9
Danish Kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French Franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

Sept. 29	£	$
Argentina	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Finland	[illegible]	[illegible]
Greece	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]
Iran	[illegible]	[illegible]
Korea(Sth)	[illegible]	[illegible]
Kuwait	[illegible]	[illegible]
Luxembourg	[illegible]	[illegible]
Malaysia	4.1085-4.1190	2.5285-2.5295
Mexico	2551.20-2560.90	1569.00-1574.00
N. Zealand	2.5030-2.5080	1.5390-1.5405
Saudi Ar.	6.1010-6.1065	3.7500-3.7510
Singapore	3.4020-3.4090	2.0935-2.0945
S. Af. (Cm)	3.3635-3.3795	2.0740-2.0780
S. Af. (Fn)	5.3350-5.5160	3.2785-3.3900
Taiwan	49.20-49.40	30.05-30.15
U.A.E.	5.9750-5.9805	3.6725-3.6735

*Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1187	+1.56	+0.83	±1.5344
Danish Krone	7.85212	7.98648	+1.71	+0.98	±1.6404
German D-Mark	2.05853	2.07753	+0.92	+0.19	±1.0981
French Franc	6.90403	6.92022	+0.23	−0.50	±1.3674
Dutch Guilder	2.31943	2.33741	+0.78	+0.05	±1.5012
Irish Punt	0.768411	0.774340	+0.77	+0.04	±1.6684
Italian Lira	1,483.58	1,498.85	+1.03	+0.92	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Sept 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6205-1.6330	1.6280-1.6290	0.33-0.30 c pm	2.32	0.87-0.82 pm	2.08
Canada	2.1242-2.1350	2.1325-2.1335	0.18-0.08 c pm	0.73	0.25-0.13 pm	0.36
Netherlands	3.36-3.37½	3.36½-3.37½	1½-1¼ c pm	5.12	4⅛-3¾ pm	4.75
Belgium	62.04-62.20	62.10-62.20	22-18 c pm	3.86	56-50 pm	3.42
Denmark	11.48¼-11.51½	11.49¾-11.50¾	⅛pm-¼ ore dis	0.07	Par-¼ dis	−0.13
Ireland	1.1130-1.1180	1.1160-1.1170	0.15-0.08c pm	1.24	0.42-0.25 pm	1.20
W. Germany	2.98¾-3.00	2.99-3.00	1⅝-1½ pf pm	6.26	4½-4¼ pm	5.84
Portugal	235.07-236.60	235.60-236.50	14-68 c dis	−2.08	129-234 dis	−3.08
Spain	197.45-199.20	198.35-198.65	17-34 c dis	−1.54	142-179 dis	−3.23
Italy	2154-2162¾	2160½-2161½	1-4 lire dis	−1.39	12-15 dis	−2.50
Norway	10.90¼-10.93¼	10.92¼-10.93¼	3⅝-3⅞ ore dis	−3.58	9⅜-10¼ dis	−3.66
France	9.95-9.98¼	9.96½-9.97½	2⅛-1¾ c pm	2.33	5⅛-4½ pm	1.96
Sweden	10.46½-10.49¼	10.48¼-10.49¼	1⅛-⅝ ore pm	1.00	1½-⅞ pm	0.45
Japan	237-238½	237½-238½	1¼-1⅛ y pm	5.99	3⅜-3¼ pm	5.46
Austria	21.03-21.10	21.06-21.09	10⅝-9½ gro pm	5.66	28¼-26½ pm	5.15
Switzerland	2.48¼-2.49½	2.48½-2.49½	1⅝-1¼ c pm	6.63	3⅞-3⅝ pm	6.02

Belgian rate is for convertible francs. Financial franc 62.40-62.50. Six-month forward dollar 1.62-1.57 c pm. 12-month 2.55-2.45 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Sept. 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6205-1.6330	1.6280-1.6290	0.33-0.30c pm	2.32	0.87-0.82pm	2.08
Ireland†	1.4555-1.4620	1.4585-1.4595	0.10-0.05c pm	0.62	0.37-0.27pm	0.88
Canada	1.3075-1.3118	1.3095-1.3105	0.17-0.20c dis	−1.70	0.57-0.60 dis	−1.79
Netherlands	2.0630-2.0735	2.0690-2.0700	0.47-0.44c pm	2.64	1.37-1.32pm	2.63
Belgium	38.07-38.23	38.10-38.20	1 dis-par c pm	−0.16	2-1 pm	0.16
Denmark	7.05-7.08½	7.06-7.06½	0.55-1.25ore dis	−1.53	2.25-2.95 dis	−1.46
W. Germany	1.8335-1.8435	1.8390-1.8400	0.60-0.57pf pm	3.81	1.74-1.69pm	3.73
Portugal	144¼-145¼	144¼-144¾	40-70c dis	−4.55	160-220 dis	−5.24
Spain	121.70-122.57	122.10-122.20	40-55c dis	−4.65	155-185 dis	−5.55
Italy	1323-1329	1326¼-1327¼	4.00-4.75lire dis	−3.95	14.85-15.60dis	−4.59
Norway	6.70¼-6.72¼	6.70¾-6.71¼	3.15-3.50ore dis	−5.94	9.75-10.15dis	−5.92
France	6.10½-6.13¼	6.12-6.12½	0.07-0.17c dis	−0.24	0.15-0.45 dis	−0.20
Sweden	6.42¾-6.45¾	6.43¾-6.44¼	0.60-0.90 c dis	−1.40	2.60-3.00 dis	−1.74
Japan	145.65-146.25	146.10-146.20	0.44-0.41y pm	3.49	1.23-1.19 pm	3.32
Austria	12.92-12.96¼	12.93-12.93¼	3.90-3.50gro pm	3.43	11.50-10.50pm	3.41
Switzerland	1.5245-1.5310	1.5280-1.5290	0.55-0.51c pm	4.16	1.50-1.45 pm	3.86

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.30-38.40.

Correction for Sept. 28:—Japan close 144.05-144.15

EURO-CURRENCY INTEREST RATES

Sept. 29	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10⅛-10⅜	10¼-10	10⅛-9⅞	10⅛-10⅛	10⅛-10⅛	10⅛-10⅝
U.S. Dollar	7⅛-7⅛	7½-7⅜	7⅝-7½	8⅛-7⅞	8⅛-8⅛	8¼-8⅛
Can. Dollar	9⅛-9	9⅛-8⅞	9⅛-8⅞	9⅞-9⅛	10⅛-9⅞	10½-10¼
D. Guilder	4⅝-4⅜	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years [illegible]; three years [illegible]; four years [illegible]; five years [illegible] per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

Correction for 25 Sept.: [illegible]

EXCHANGE CROSS RATES

Sept. 29	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.629	2.995	238.0	9.970	2.490	3.370	2161.	2.133	62.15
$	0.614	1.	1.839	146.2	6.123	1.529	2.070	1327.	1.310	38.15
DM	0.334	0.544	1.	79.47	3.329	0.831	1.125	721.5	0.712	20.75
YEN	4.202	6.842	12.58	1000.	41.89	10.46	14.16	9079.	8.962	261.1
F Fr.	1.003	1.633	3.004	238.7	10.	2.497	3.380	2168.	2.139	62.36
S Fr.	0.402	0.654	1.203	95.58	4.004	1.	1.353	867.9	0.857	24.96
H Fl.	0.297	0.483	0.889	70.62	2.958	0.739	1.	641.2	0.633	18.44
Lira	0.463	0.754	1.386	110.1	4.614	1.152	1.559	1000.	0.987	28.76
C $	0.469	0.763	1.404	111.6	4.674	1.167	1.580	1013.	1.	29.14
B Fr.	1.609	2.620	4.819	382.9	16.04	4.006	5.422	3477.	3.432	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts fall with US bonds

LONG TERM gilt futures finished towards the lower end of the day's range on the London International Financial Futures Exchange yesterday.

December gilts opened at 114-15, and touched a peak of 114-19, before weakening in the afternoon in sympathy with US Treasury bonds, the contract fell to a low of 113-29, and closed only slightly firmer at 113-31, compared with 114-28 on Monday.

There was little for dealers to react to, as far as gilt futures were concerned, with sterling falling against the dollar, but showing little change elsewhere.

Attention switched to US bonds, which rose initially, against the background of a firmer dollar, but then fell back on fears about a food of new Treasury paper, and rumours of higher Japanese interest rates. The signing of the Gramm-Rurman debt ceiling bill by President Reagan means the US Treasury will auction $70.9bn in Government paper over the next two weeks.

December bonds opened at 82-22 on Liffe and closed at 81-30, compared with 82-05 previously.

Japanese government bonds for December delivery opened sharply lower on Liffe at 95.55, after closing limit down in Tokyo. Prices fell in Tokyo morning cash and futures trading, on fears about higher interest rates and the weakness of the yen against the dollar.

The yield on the benchmark No 89 bond broke through 6 per cent, provoking comment that the market would not absorb the October bond issue if the Finance Ministry sticks to a coupon of 5.5 to 5.6 per cent.

Weaker prices also followed the failure of the Bank of Japan to execute an expected bill purchase operation, resulting in stop loss selling towards the Tokyo close.

On Liffe December bond prices recovered to a peak of 96.30 in the morning, before closing at 96-17, against the previous settlement of 97-33.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
104	10.00	10.23	0.02	0.19
106	8.04	8.38	0.06	0.34
108	6.14	6.61	0.16	0.57
110	4.34	5.31	0.36	1.27
112	3.00	4.12	1.02	2.08
114	1.53	3.07	1.55	3.03
116	0.61	2.15	2.63	4.11
118	0.31	1.35	4.33	5.31

Estimated volume total, Calls 2,494 Puts 1,775
Previous day's open int: Calls 26,072 Puts 17,797

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
76	6.14	5.51	0.18	0.47
78	4.36	4.22	0.40	1.18
80	3.01	3.07	1.05	2.03
82	1.57	2.09	1.61	3.05
84	1.05	1.26	3.09	4.22
86	0.38	0.56	4.42	5.52
88	0.19	0.35	6.23	7.29
90	0.06	0.19	8.12	9.157

Estimated volume total, Calls 95 Puts 110
Previous day's open int: Calls 1,372 Puts 726

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Oct.	Calls—Last Nov.	Puts—Last Oct.	Puts—Last Nov.
23000	13.39	15.38	0.29	2.28
23250	11.14	13.54	0.54	2.94
23500	9.03	11.81	0.93	3.71
23750	7.12	10.22	1.52	4.62
24000	5.43	8.76	2.33	5.66
24250	4.00	7.45	3.40	6.85
24500	2.84	6.27	4.74	8.17
24750	1.94	5.23	6.34	9.63

Estimated volume total, Calls 4 Puts 0
Previous day's open int: Calls 59 Puts 60

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

Strike Price	Calls—Last Oct.	Nov.	Dec.	Mar.	Puts—Last Oct.	Nov.	Dec.	Mar.
1.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 85 Puts 1,809 [illegible]
Previous day's open int: Calls 65 Puts 75 [illegible]

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

Strike Price	Calls—Last Oct.	Nov.	Dec.	Mar.	Puts—Last Oct.	Nov.	Dec.	Mar.
1.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
1.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.85
1.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.50
1.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.20
1.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.90
1.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.50
1.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.50

Previous day's open int: Calls 972 Puts 119
Volume: 20

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

Strike Price	Calls—Last				Puts—Last			Sept.
1.575	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.84
1.600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.96
1.625	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.08
1.650	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.22
1.675	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.37
1.700	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
1.725	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

Previous day's open int: Calls 110,187 Puts 111,743
Previous day's volume: Calls 75 Puts 75

LIFFE-EURODOLLAR OPTIONS

$1m points of 100%

[illegible]

Estimated Vol: Calls 52, Puts 79.

LONDON

20-YEAR 12% NOTIONAL GILT

£50,000 32nds of 100%

	Close	High	Low	Prev.
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 27,244 (14,531)
Previous day's open int. 24,902 (25,637)

6% NOTIONAL LONG TERM JAPANESE GOVT BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 549 (552)
Previous day's open int. 852 (827)

THREE-MONTH STERLING

£500,000 points of 100%

	Close	High	Low	Prev.
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 5,086 (2,265)
Previous day's open int. 15,201 (15,277)

FT-SE 100 INDEX

£25 per full index point

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 3,796 (3,294)
Previous day's open int. 7,045 (6,250)

THREE-MONTH EURODOLLAR

$1m points of 100%

	Close	High	Low	Prev.
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume [illegible]
Previous day's open int. [illegible]

US TREASURY BONDS 8%

$100,000 32nds of 100%

	Close	High	Low	Prev.
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume [illegible]
Previous day's open int. [illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6285	1.6254	1.6201	1.6126	1.6035

IMM—STERLING $ per £

	Latest	High	Low	Prev.
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev.
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume 120 (7)
Previous day's open int. 255 (255)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%

$100,000 32nds of 100%

[illegible]

U.S. TREASURY BILLS (IMM)

$1m points of 100%

[illegible]

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

[illegible]

JAPANESE YEN (IMM)

Y12.5m $ per Y100

[illegible]

DEUTSCHE MARK (IMM)

DM125,000 $ per DM

	Latest	High	Low	Prev.
Dec.	[illegible]	[illegible]	[illegible]	0.5513
Mar.	[illegible]	[illegible]	[illegible]	0.5561
June	[illegible]	[illegible]	[illegible]	0.5641
Sept.	[illegible]	[illegible]	[illegible]	0.5668

THREE-MONTH EURODOLLAR (IMM)

$1m points of 100%

	Latest	High	Low	Prev.
Dec.	[illegible]	[illegible]	[illegible]	91.58
March	[illegible]	[illegible]	[illegible]	91.13
June	[illegible]	[illegible]	[illegible]	90.85
Sept.	[illegible]	[illegible]	[illegible]	90.64
Dec.	[illegible]	[illegible]	[illegible]	90.48
Mar.	[illegible]	[illegible]	[illegible]	90.34
June	[illegible]	[illegible]	[illegible]	90.21
Sept.	[illegible]	[illegible]	[illegible]	90.10

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Dec.	[illegible]	[illegible]	[illegible]	326.30
Mar.	[illegible]	[illegible]	[illegible]	329.70
June	[illegible]	[illegible]	[illegible]	333.10
Sept.	[illegible]	[illegible]	[illegible]	335.30

MONEY MARKETS

UK rates steady

INTEREST RATES were little changed on the London money market yesterday. There were no new factors, with sterling losing ground to a strong dollar, but requiring intervention from the Bank of England to prevent a rise above DM3.00.

The short end of the market was generally tight, but dealers were uncertain about whether today's shortage would be as large as the £400m to £500m forecast by Money Market Services.

UK clearing bank base lending rate 10 per cent since August 7

Dealers suggested the Bank of England may have sold the pound against the dollar on Monday, as part of the Group of Seven agreement to stabilise exchange rates, and this could increase the amount of sterling in the market today.

The Bank of England initially forecast a money market shortage of £250m, but revised this to £300m in the afternoon. Total help of £328m was provided.

Before lunch the authorities bought £85m bills outright, by way of £58m bank bills in band 1 at 9⅞ per cent and £27m bank bills in band 2 at 9⅞ per cent.

In the afternoon the Bank of England purchased another £123m bills outright, through £111m bank bills in band 1 at 9⅞ per cent; £4m Treasury bills in band 1 at 9⅞ per cent; and £8m bank bills in band 2 at 9⅞ per cent.

Late assistance of around £120m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £421m, with bank balances below target absorbing £5m. These outweighed Exchequer transactions adding £120m to liquidity, and a fall in the note circulation of £55m.

In Frankfurt call money rose to 3.95 per cent from 3.55 per cent as banks were faced with a sudden shortage of liquidity, and were forced to scramble for funds to meet end of month reserve requirements.

Credit conditions have been generally comfortable this month, and there was some surprise that commercial banks reserve holdings at the Bundesbank slumped to DM 42.3bn at the end of last week, from DM 47bn on Thursday, reducing the daily average for the first 27 days of September to DM 52.9bn. The minimum daily average demanded by the central bank is DM 2.1bn.

The Bundesbank continued to offer temporary liquidity through disbursements via state owned organisations, but the level for such funds rose to 4 per cent, from 3.65 per cent in recent days.

It was suggested by dealers that the sudden tightening of conditions could send call money up to 5 per cent today, on bidding for funds at the month and quarter end.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 29) 3 months U.S. dollars: bid 7⅞, offer 8⅛ | 6 months U.S. dollars: bid 8⅛, offer 8⅛

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
Prime rate	[illegible]	One month	[illegible]
Broker loan rate	[illegible]	Two month	[illegible]
Fed. funds	[illegible]	Three month	[illegible]
Fed funds at intervention	[illegible]	Six month	[illegible]
		One year	[illegible]
		Two year	[illegible]
		Three year	[illegible]
		Five year	[illegible]
		Seven year	[illegible]
		10 year	[illegible]
		30 year	[illegible]

September 29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.0
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7½
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

LONDON MONEY RATES

Sept. 29	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month [illegible] per cent; three-months [illegible] per cent; Bank Bills (sell): one-month [illegible] per cent; three months [illegible] per cent; Treasury Bills: Average tender rate of discount 9.7727 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 29, 1987. Agreed rates for period September 23 to October 25 1987, Scheme I: 11.24 p.c., Schemes II & III: 11.31 p.c. Reference rate for period August 1 to August 28, 1987, Scheme IV: 10.037 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from September 1, 1987: Bank Deposit Rates for sums at seven days' notice [illegible] per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month [illegible] per cent; one-three months [illegible] per cent; three-six months 10 per cent; six-nine months 10¼ per cent; nine-12 months 10¼ per cent; Under £100,000 8 per cent from September 15. Deposits withdrawn for cash 5 per cent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY SEPTEMBER 29 1987					MONDAY SEPTEMBER 28 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (93)	172.91	−1.5	157.42	159.86	2.47	175.63	158.57	160.50	180.81	99.92	81.50
Austria (16)	100.28	−0.6	91.29	95.76	2.17	100.84	91.05	95.59	102.87	85.53	93.50
Belgium (48)	126.49	−0.8	115.15	119.63	3.99	127.56	115.17	119.69	134.89	96.19	88.03
Canada (129)	136.47	−0.3	124.24	129.45	2.31	136.93	123.63	130.03	141.78	100.00	96.86
Denmark (39)	115.84	−1.0	105.46	111.27	2.58	116.98	105.62	111.49	124.83	98.18	95.40
France (121)	109.68	−1.2	99.85	105.34	2.70	111.01	100.23	105.92	121.82	98.39	92.80
West Germany (92)	100.40	+0.2	91.41	96.02	1.99	100.15	90.43	95.02	104.93	84.00	91.95
Hong Kong (45)	154.81	−0.6	140.94	155.18	2.37	155.67	140.55	156.01	155.67	96.89	82.11
Ireland (14)	147.00	−0.6	133.83	141.97	3.19	147.88	133.52	141.70	147.88	99.50	81.62
Italy (76)	91.14	−1.0	82.97	90.32	2.05	92.10	83.16	90.49	112.11	84.22	96.72
Japan (458)	146.46	−1.5	133.33	135.30	0.52	148.65	134.22	135.40	161.28	100.00	100.28
Malaysia (36)	176.48	−0.3	160.66	171.89	2.14	176.94	159.76	172.06	193.64	98.24	86.91
Mexico (14)	370.13	−2.8	336.96	635.96	0.47	380.78	343.80	649.25	422.59	99.72	72.06
Netherland (37)	124.41	−0.9	113.26	117.51	3.85	125.56	113.37	117.68	131.41	99.65	95.59
New Zealand (24)	135.08	+0.7	122.97	110.44	2.69	134.16	121.14	109.87	138.99	83.93	74.01
Norway (24)	176.08	+0.7	160.30	160.37	1.72	174.78	157.81	158.06	185.01	100.00	101.66
Singapore (27)	166.17	+0.6	151.28	160.35	1.53	165.20	149.16	159.19	174.28	99.29	88.02
South Africa (61)	183.17	−1.8	166.76	133.49	3.16	186.48	168.37	134.78	198.09	100.00	101.53
Spain (43)	158.81	−0.3	144.58	146.96	2.70	159.32	143.85	146.71	165.92	100.00	97.35
Sweden (33)	129.11	+0.7	117.54	123.09	1.90	128.22	115.77	121.43	132.10	90.85	95.07
Switzerland (53)	108.37	+0.1	98.66	102.69	1.64	108.29	97.77	101.64	110.00	92.01	90.24
United Kingdom (332)	158.08	−0.7	143.91	143.91	3.17	159.24	143.78	143.78	162.87	99.65	90.83
USA (586)	131.31	−0.4	119.54	131.31	2.79	131.81	119.01	131.81	137.42	100.00	96.26
Europe (928)	127.94	−0.6	116.47	119.71	2.80	128.68	116.18	119.46	128.88	99.78	92.35
Pacific Basin (683)	147.65	−1.4	134.42	136.63	0.67	149.80	135.25	136.76	158.77	100.00	98.89
Euro—Pacific (1611)	139.83	−1.1	127.30	129.88	1.45	141.41	127.68	129.86	143.65	100.00	96.31
North America (715)	131.58	−0.4	119.79	131.23	2.77	132.08	119.26	131.74	137.55	100.00	96.29
Europe Ex. UK (596)	109.20	−0.4	99.42	104.58	2.46	109.69	99.04	104.24	111.97	98.02	93.31
Pacific Ex. Japan (225)	162.51	−0.9	147.95	153.24	2.40	164.03	148.11	153.72	164.03	99.92	81.50
World Ex. US (1815)	140.32	−1.1	127.75	130.20	1.50	141.90	128.12	130.22	143.38	100.00	96.35
World Ex. UK (2069)	134.71	−0.9	122.64	129.49	1.84	135.87	122.67	129.72	138.82	100.00	96.83
World Ex. So. Af. (2340)	136.49	−0.8	124.26	130.78	1.97	137.63	124.27	130.96	139.47	100.00	96.26
World Ex. Japan (1943)	132.18	−0.5	120.34	128.58	2.76	132.84	119.94	128.83	134.03	100.00	94.37
The World Index (2401)	136.79	−0.8	124.53	130.83	1.98	137.94	124.55	131.03	139.73	100.00	96.29

Base values: Dec 31, 1986 = 100

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Nov 87		Feb 88		May 88		
GOLD C	$480	64	6	3	17.50	—	—	$460.50
GOLD C	$500	—	—	—	—	26	20.30	"
GOLD C	$520	11	1.70	—	—	—	—	"
GOLD P	$440	2	3.40	10	6.50	—	—	"
GOLD P	$480	—	—	15	24.50	—	—	"
GOLD P	$500	35	40.50	20	40	—	—	"
		Dec. 87		March 88		June 88		
SILVER C	$700	3	75	—	—	—	—	$760
		Oct. 87		Nov. 87		Dec. 87		
£/Fl C	Fl.335	—	—	—	—	100	3.10	Fl.336.99
£/Fl P	Fl.335	4	0.80	—	—	—	—	"
		Mar. 88		June 88		Sep. 88		
$/FL P	Fl.330	4	5.50	—	—	36	6.40	Fl.205.27
		Oct. 87		Nov. 87		Dec. 87		
$/FL C	Fl.200	26	6.50	—	—	—	—	206.58
$/FL C	Fl.205	156	2.60	3	3.30	1419	3.80	"
$/FL C	Fl.210	—	—	28	1.20	85	1.90	"
$/FL C	Fl.215	—	—	—	—	5	0.70A	"
$/FL P	Fl.195	3	0.10	—	—	—	—	"
$/FL P	Fl.200	2	0.20	21	1	—	—	"
$/FL P	Fl.205	146	1.20	327	2.20	269	3.50	"
$/FL P	Fl.210	—	—	3	3.50	15	6.50	"
		Mar 88		Jun 88		Sep. 88		
$/Fl C	Fl.190	10	16.90	—	—	—	—	Fl.206.58
$/Fl C	Fl.195	11	11.60	—	—	—	—	"
$/Fl C	Fl.205	12	5.30B	5	5.80	—	—	"
$/Fl C	Fl.210	5	3.10	10	4.20	—	—	"
$/Fl P	Fl.200	—	—	10	5.50	50	7	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.52	709	0.10	55	1.30	6	2	Fl.46.90
ABN P	Fl.50	375	3.60	47	3.80B	—	—	"
AEGON C	Fl.100	42	0.20	19	2	12	3.40	Fl.86.90
AEGON P	Fl.90	10	4	22	6.10	4	7	"
AHOLD C	Fl.105	8	2	60	6.50	—	—	Fl.104.10
AKZO C	Fl.180	652	2.60	238	10.30	20	14.90	Fl.177
AKZO P	Fl.170	245	1	265	6.30	7	7.50	"
AMEV C	Fl.60	23	1.30	47	4.50A	—	—	Fl.60.10
AMEV P	Fl.60	24	1.30	37	2.80B	—	—	"
AMRO C	Fl.90	263	0.10	77	2.40	20	4.20	Fl.83.70
AMRO P	Fl.90	67	7	26	7.50	—	—	"
ELSEVIER C	Fl.65	777	0.70	690	3.50	46	6	Fl.60.30
ELSEVIER P	Fl.60	37	1.30	49	4	28	5.60	"
GIST-BROC. C	Fl.50	63	0.60	136	3.10	15	4	Fl.48.80
GIST-BROC. P	Fl.45	1	0.20	35	1.80	6	2.50	"
HEINEKEN C	Fl.190	72	1	8	5.50	10	9	Fl.175
HEINEKEN P	Fl.170	15	1.20B	—	—	—	—	"
HOOGOVENS C	Fl.50	230	0.60	46	3.50	17	5.20	Fl.47.70
HOOGOVENS P	Fl.45	76	0.60	25	2.20A	15	3.20	"
KLM C	Fl.50	718	4.50	298	7.30A	2	8.60	Fl.54.50
KLM P	Fl.55	318	1.20	365	3.50B	18	4.90	"
NEDLLOYD C	Fl.190	302	5.50	125	18	—	—	Fl.190.50
NEDLLOYD P	Fl.180	54	1.30	20	8.50	—	—	"
NAT.NED. C	Fl.75	203	1	61	4.10	2	6.50	Fl.73.40
NAT NED P	Fl.75	55	2.20	58	4.50	—	—	"
PHILIPS C	Fl.50	787	2.20	659	4.40	873	5.50	Fl.51.50
PHILIPS P	Fl.55	584	3.60	288	5	724	6.10	"
ROYAL DUTCH C	Fl.270	1320	4.20	283	13.20	13	18.50	Fl.268.50
ROYAL DUTCH P	Fl.250	797	0.30	149	3.70	—	—	"
ROBECO C	Fl.110	1	2	18	6.50	—	—	Fl.112
ROBECO P	Fl.110	—	—	11	2.50	8	—	"
UNILEVER C	Fl.150	357	0.40A	52	4.60	35	8.40	Fl.139.30
UNILEVER P	Fl.124	—	—	100	1.40	—	—	"

TOTAL VOLUME IN CONTRACTS: 41,791

A=Ask B=Bid C=Call P=Put

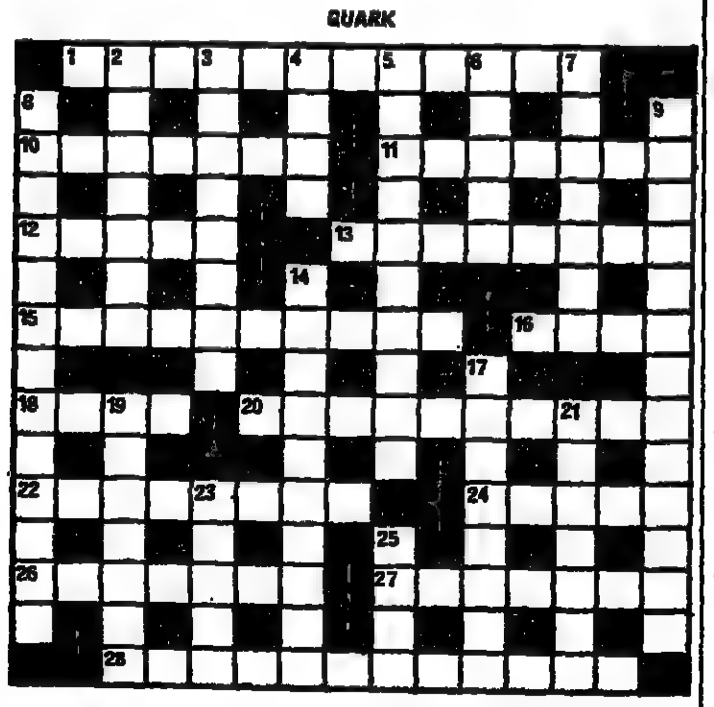
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe Guarantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equatorial Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williamson Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tr	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sovereign 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 11.125%.

FT CROSSWORD PUZZLE No. 6,443

QUARK



ACROSS

1 'uge jam, dawdle, following crash. Not based on statute book? (5-4, 3)
10 Actuate in a changed friend (7)
11 Walking pace with backward mount (7)
12 Blow your horn hard. Something on the wheel? (5)
13 Discovered, but not there when called upon? (5,3)
15 The Conservative motion perhaps giving laws (10)
16 Genuine, without transgression—yet under the beak! (4)
18 Seen on the ice, learner runs out of courage (4)
20 Use your loaf and you could get it (10)
22 Call dog a wild animal (8)
24 One more on a score (5)
26 Look at the poor place. Something's gone through it! (3-4)
27 Head actor once noted for fruit (3-4)
28 Depressed after receiving sauce. Reprimand called for (8-4)

DOWN

2 Regular soldier's gear (7)
3 Letter put in grate is in pencil (8)
4 Appearance in centre of French city (4)
5 Nick's description? Very bad (10)
6 Eastern land could be carrying a burden (5)
7 It's pleasant to succeed with part (7)
8 The role with real PC playing is essential ingredient (4,3,6)
9 When rain stops play both sides are this! (7-6)
14 Good lettuce should show it, producing vigour (10)
17 Underlined? (In a manner of speaking—Ed.) (8)
19 Be inclined at first to study debate (7)
21 At University worth changing term in Geology? (7)
23 Pin to assist rowing (look up in article) (5)
25 Having no name soon? (4)

Solution to Puzzle No. 6,442

WISDEN COURIERS
E T N A U E N T
LEADING TAPSTER
L T D I W U E A
DUET ELDERBERRY
O M A E I L S
NEEDLE AGAINST
E N L S H C I A
STRETCH CANNON
R G E I N G I
AFICIONADO PLUS
G R A A A A E E
TRAINER HABITAT
A Q C I O E O T
GUIDEDOG STANCE

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gross
[illegible]				

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	112.3	118.8	+0.9	0.95
(Accum Units)	117.7	124.5	+1.0	0.95
American Income	50.9	53.8xd	+0.5	4.65
(Accum Units)	56.7	60.0xd	+0.5	4.65
American Smr Cos Fd	51.6	54.4	+0.4	0.49
(Accum Units)	51.6	54.4	+0.4	0.49
British Blue Chip Fund	53.8	56.9xd	+0.3	2.23
(Accum Units)	54.7	57.8xd	+0.3	2.23
European Growth	165.7	175.3	+1.2	0.40
(Accum Units)	173.3	183.3	+1.2	0.40
European Income	87.2	92.2	+0.5	3.25
(Accum Units)	91.6	96.9	+0.5	3.25
Exempt	373.1	392.6	+6.6	2.29
(Accum Units)	591.4	606.5	+10.2	2.29
General	396.7	419.7xd	+2.6	1.25
(Accum Units)	633.0	701.5xd	+4.3	1.25
Gilt	98.2	98.6	-0.1	7.98
(Accum Units)	104.8	109.3	-0.2	7.98
Global Fund	54.9	58.0	+0.4	0.64
(Accum Units)	54.9	58.0	+0.4	0.64
High Income Fund	55.8	59.0xd	+0.2	4.43
(Accum Units)	56.7	59.9xd	+0.2	4.43
High Interest Fund	44.5	47.0xd	+0.0	9.56
(Accum Units)	45.9	48.5xd	+0.0	9.56
Income	132.2	139.8xd	+0.6	2.86
(Accum Units)	152.6	161.1xd	+0.7	2.86
International	315.0	333.3	+1.6	1.75
(Accum Units)	394.1	417.0	+1.9	1.75
Japan	217.3	229.9	+0.0	0.95
(Accum Units)	223.1	236.0	+0.1	0.95
Pacific Fund	63.2	66.8	+0.4	0.10
(Accum Units)	63.2	66.8	+0.4	0.10
Recovery	335.1	354.6	+2.4	1.97
(Accum Units)	364.4	385.6	+2.6	1.97
UK Smaller Co's Fund	58.0	61.3xd	+0.3	1.61
(Accum Units)	58.5	61.8xd	+0.3	1.61

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Sept 23	633.5	641.9	----	2.06

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	67.7	72.0xd	+0.2	4.17
Accum Units	68.5	72.8xd	+0.2	4.12
UK Growth Fund Acc	66.4	70.6	+0.1	1.42
Global Income Fund	51.0	54.2	+0.2	3.69
Accum Units	51.0	54.2	+0.2	3.69
Global Growth Fund	51.9	55.2	+0.4	0.45

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA 01-588 3963

PM Equity Growth	175.0	193.0	-0.1	0.96
PM Income and Growth	108.0	114.9xd	-0.2	2.88
PM N American Growth	58.8	62.5	+1.2	0.39
PM European Growth	52.9	56.3	-0.1	0.55
PM Japan Growth	72.2	76.8	-0.1	0.55
PM Overseas Growth	57.6	61.2	+0.4	0.42

Prudential Holborn Unit Trusts Ltd(a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010349

Holborn Comm Tst	85.7	90.6xd	+0.6	0.34
Holborn Equity Income	76.8	81.5xd	+0.3	3.17
Holborn Equity Tst	621.7	657.8	+5.0	2.06
Holborn European Tst	178.1	186.8	+0.7	0.61
Holborn Gilt Tst	208.4	217.9	-0.3	2.19
Holborn High Inc Tst	92.1	97.4xd	+0.5	4.49
Holborn Intl Grth Tst	128.6	136.0	+1.0	0.64
Holborn Intl Smr Cos	48.5	51.0		0.05
Holborn Japanese Tst	142.6	150.8xd	-0.6	0.04
Holborn N. Amer Tst	98.7	104.4	+1.2	0.46
Holborn Sm Cos Tst	83.8	88.4	+0.4	1.31
Holborn Spec Sits Tst	112.1	118.6	+0.9	1.29
Holborn UK Growth Tst	123.9	131.1xd	+0.7	1.43

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	683.7	723.5	----	1.35
Quadrant Income	344.3	364.4	----	3.66
Quadrant Intl. Fund	454.9	481.4	----	1.04
Quadrant Spec. Sits	481.9	510.0xd	----	1.14

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	258.2	274.8	+3.1	2.20
Reliance Unit Tst (Inc)	178.7	190.0	+1.4	1.39
Reliance UK Tst (Acc)	240.5	255.8	+1.9	1.39

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	51.5	54.5	----	1.49

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC America (Inc)	340.5	362.2	+5.9	0.65
NC America (Acc)	375.7	399.4	+6.5	0.65
NC Inc Fd	132.2	140.6	+0.5	2.90
NC Japan Fd	222.5	236.7	+2.2	0.00
NC Major UK Cos Fd	74.8	79.5	+0.4	1.69
NC Smlr Australasian	97.1	103.2	....	.41
NC Smlr Canadian CoFd	51.7	54.9	+0.4	1.05

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Gilt-Edged Init.	226.5	....	...	—
Do. Accum.	279.2	....	....	—
Guaranteed Init.	159.0	....	....	—
Do. Accum.	195.9	....	....	—
International Init.	499.6	....	....	—
Do. Accum.	615.2	....	....	—
Index Lk. Gilt Init.	135.7	....	....	—
Do. Accum.	167.2	....	....	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	317.6	....	....	—
Property Pens.	428.4	....	....	—
Equity	203.6	....	....	—
Equity Pens.	931.7	....	....	—
Money Market	295.7	....	....	—
Money Mkt. Pens.	532.6	....	....	—
Deposit	239.8	....	....	—
Deposit Pens.	384.3	....	....	—
Managed	303.7	....	....	—
Managed Pens.	591.1	....	....	—
Intl. Equity	363.2	....	....	—
Do. Pens.	594.7	....	....	—
Intl. Managed	331.4	....	....	—
Do. Pens.	497.6	....	....	—
North American	134.5	....	....	—
Do. Pens.	155.3	....	....	—
Far East	301.9	....	....	—
Do. Pens.	449.1	....	....	—
Intl. Currency	168.6	....	....	—
Do. Pens.	217.3	....	....	—
Index Linked	126.0	....	....	—
S & C Managed Fd.	141.8	....	....	—
S & C Pens. Mngd Fd.	116.1	....	....	—
Gelt Chambers	129.8	....	....	—
Loran & Loran	118.7	....	....	—
Trustlink Life Funds				
Per Worldwide Rec.	172.2	....	....	—
Per Far East Growth	274.8	....	....	—
Per Intl Growth	166.9	....	....	—
Per Income	179.1	....	....	—
Per Emerging Co's	164.6	....	....	—
Per American Growth	140.8	....	....	—
Per European Growth	138.9	....	....	—
Fra American & Gen	125.8	....	....	—
Fra Capital	183.3	....	....	—
Fra Income	293.7	....	....	—
Fra Intl Growth	138.4	....	....	—
Fra Japan & Gen	186.1	....	....	—
Fra Recovery	201.7	....	....	—
Fra Convertible & Gilt	143.4	....	....	—
Fra European	139.0	....	....	—
GAR American	124.7	....	....	—
GAR European	165.0	....	....	—
GAR Far Eastern	198.6	....	....	—
GAR British	189.4	....	....	—
GAR Global	176.7	....	....	—

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	58.8	61.9	+0.3	—
Stock Market Mngd Fund	60.8	64.1	+0.3	—
Equity Fund	65.9	69.4	+0.4	—
International Fund	57.2	60.3	+0.4	—
European Fund	59.9	63.1	+0.1	—
North American Fund	51.7	54.5	+0.6	—
Pacific Fund	66.6	70.2	+0.2	—
Property Fund	52.8	55.6	+0.6	—
Fixed Interest Funds	48.1	50.7	-0.1	—
Index linked Sec Fund	45.1	47.5	-0.1	—
Deposit Fund	51.6	54.4	....	—
NUAM Retirement Plans				
Mixed Fund	63.3	66.7	+0.6	—
UK Ordinary Share	76.7	80.8	+0.9	—
International Fund	58.9	62.0	+0.7	—
Property Fund	52.3	55.1	....	—
Fixed Interest Fund	50.1	52.8	+0.4	—
Index Linked Sec Fund	45.6	48.0	+0.1	—
Deposit Fund	53.5	56.4	....	—
NUAM (MF)				
Managed Fund	809.9	852.6	+5.7	—
Equity Fund	1766.7	1859.7	+12.7	—
Property Fund	328.7	346.0	+3.7	—
Fixed Interest Fund	354.4	373.1	-1.1	—
Deposit Fund	210.8	221.9	....	—
International Fund	148.5	156.4	-0.1	—
Index Linked Sec Fund	45.2	47.6	+0.9	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionmaster & Unit-Linked Plan				
Fixed Interest Fund	253.1	266.4	....	—
Index-Linked Sec Fund	130.1	136.9	....	—
Ordinary Share Fund	547.0	575.7	....	—
International Fund	147.1	154.8	....	—
Property Fund	162.9	171.4	....	—
Deposit Fund	167.6	176.4	....	—
Mixed Fund	347.4	365.6	....	—
Norwich Units Sep 15	1018.4		....	—

*Prices as at June 30.

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	157.1	165.4	+0.1	—
Prop. Acc. (Gross) (z)	246.5	259.5	+0.1	—
Equity (Gross) (z)	788.7	830.3	+5.7	—
Managed (Gross) (z)	529.5	557.2	+4.7	—
Prop. Acc. (Net) (z)	113.6	119.7	....	—
Equity (Net) (z)	174.8	184.1	+1.7	—
Managed (Net) (z)	156.8	165.1	+1	—
International (Net) (z)	148.8	156.7	+0.6	—
Gilt & Fxd Interest	92.0	96.9	+0.5	—
Money Fund	96.1	101.2	....	—

Pearl Assurance (Unit Linked Pens) Ltd

Ret Man (Series 1) (z)	507.9	534.6	+3.6	—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for January 1987: 100.0 and for August 1987: 102.1 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53		3.50	6.60
52	40	Do. 6pc 28 Stb. Ass.	52xd		3	5.77
50	45	Do 4pc Mixed Ass.	50		2	4.23
66	58	Hung. '24 Ass	65½		2.75	4.20
146½	122⅞	Hydro Quebec 15pc 2011	129⅝	–⅛	15.00	11.35
136¼	115½	Iceland 14½pc Ln 2016	121½xd	–½	14.50	11.83
103¼	94	Ireland 9¾pc '91-96	95¼xd	+⅛	9.75	11.56

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
34⅞	25¾	Tenneco $5	34⅝	+¼	$3.04	—	5.4
220	149½	Do 10ocLn.Stk. 91-5	220xd		10%	—	14.7
29⅝	17½	Texaco $6.25	25¼xd	+⅜	$3.00	—	7.3
[illegible]	47⅛	Time Inc. $1	64⅝xd	+⅞	$1.00	—	0.9
19⅝	11	[illegible]	19⅝xd	+¼	40c	—	1.2
30¼	18¾	Transamerica $1	26	+⅛	$1.84	—	4.3
14⅛	922p	Transworld Corp $5	12¼	.....	20c	—	1.0
27	14⅞	TRINOVA Corp.	26	+¼	$1.00		2.4
24⅛	15⅛	♦USX $1	21⅞	–⅛	$1.20	—	3.4
19⅝	15⅜	Union Carbide $1	17¼	+⅛	$1.50	—	5.2
37⅞	26⅞	Utd. Technologies	36⅛xd	+1⅛	$1.40	—	2.4
38⅝	27	US West‖	36⅛	+⅛	$3.28	—	5.5
30½	17⅛	Waste Management $1	29½	+⅛	—	—	—
£31⅞	£20½	Whirlpool $1.0	£22⅞	+⅛	—	—	—
37⅛	26	♦Woolworth $3½	30½	+⅛	$1.32	—	2.7

CANADIANS

1987 High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	362p	ABM Gold Corp ‖	382p	–1	—	—	—
21½p	10p	♦Abbot Energy Corp.	21p	.....	—	—	—
18⅛	906p	♦Amer. Barrick Res.	17⅞	+¼	—	—	—
136p	32p	Amer. Daleco	86p	+2	—	—	—
141p	37½p	American Lightwave	37½p	–2½	—	—	—
122p	52p	♦Armeno	85p	+6	—	—	—
19⅛	14½	Bk. Montreal ‖	14⅛	+⅛	$2.00	—	6.2
10½	737p	Bk. Nova Scot.‖	739p	+2	72c	—	4.5
20⅝	17⅛	BCE ‖	18⅝	+⅛	$2.40	—	5.9
10⅛	712p	♦Bow Valley‖	909p	+9	40c	—	—

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
412	305	PWS Holdings 10p	348	......	u10.5	2.9	4.2	12.7
474	316	Pearl Group 5p	468	+14	†10.5	—	3.1	—
*£11¼	804	Prudential	£10⅞	+⅛	†29.0	—	3.7	—
580	433	Refuge 5p	578	+10	15.75	—	3.7	—
591	423	Royal	583xd	–2	††15.5	—	3.6	—
103	93	Saltire Ins. Invs.	101	......	—	—	—	—
*345	274	Sedgwick Group 10p	298	+8	12.0	1.7	5.5	12.7
339	207	Steel Burrill J. 10p	235	......	†9.0	2.0	5.2	13.1
668	403	Stewart Wr. 20p	585	......	†13.0	2.0	3.2	19.7
612	377	Sturge Hldgs 20p	510	–3	†t6.0	2.5	1.6	33.4
£11⅞	645	Sun Alliance	£11⅞	+⅛	†23.5	—	2.7	—
£12¼	929	Sun Life 5p	£12¼xd	+⅛	†28.5	—	—	—
169⅞	£39	¶Taisho M EDR	£49½	–1⅛	Q010%	—	0.9	—
£22½	£14⅞	Torchmark $1.00	£18¼	–⅛	Q$1.00	—	3.3	—
385	255	Trade Indemnity	385xd	+5	†4.3	—	1.5	—
£34	£24⅞	Travelers $1.25	£27⅞	+¼	$2.28	—	5.1	—
£30¼	£22⅞	USF & G Corp $2.50	£24⅛	+¼	Q$2.48	—	6.3	—
£33⅞	£20⅞	USLIFE Corp. $1.0	£23⅞	+½	Q$1.20	3.2	3.1	5.2
728	555	‡Utd Friendly B 10p	728	......	21.0	—	4.0	—
464	345	Willis Faber 12½p	380xd	+15	†10.75	2.4	3.9	14.5
128	41	Windsor Secs. 10p	115	–1	†0.7	1.5	0.8	—

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	11½	‡A & M Group 10p	27	–1½	—	—	—	◆
242	181	Airtours 10p	194	......	R5.4	2.5	3.9	14.1
*549	302	Anglia TV	486	......	†q11.25	3.3	3.2	13.5
194	108	‡Aspinall Hldgs. 10p	172	–½	†6.0	1.2	4.8	23.6
141	63	‡Auesco 1p	112	+1	0.5	6.7	0.6	31.4
65	40	‡BCE Hldgs 5p	58½	+2½	Ld1.0	◆	2.3	◆
300	132	Barr & W.A.T. 'A'	292	......	†8.0	1.4	3.8	23.8
58	19	Bond Media	47	......	—	—	—	—
295	165	Boosey & Hawkes	230	......	—	—	—	—
83	45	‡Border T.V.	66	–1	1.4	◆	2.9	◆
*439	43½	Brent Walker 10p	383	+1	q8.5	2.2	3.6	18.5
122	102	Do 6pc.Cv.Cm.Red.Pf	106	+1	6.0	—	7.8	—
*292	110	Campari Int. 20p	252	......	†3.0	5.1	1.6	12.9
306	211	Castle Comms. 5p	282	+4	L7.0	◆	3.5	◆
211	127	Capital Radio 10p	186½	+1½	W†5.0	1.8	3.7	20.2
684	370	Central ITV	669	–13	†17.0	2.3	3.5	17.2
266	171	Chrysalis	258	–2	5.6	2.1	3.0	21.6
101	43	‡Cityvision 5p	93	–7	—	—	—	70.0
*68	12	‡Entertain Prod 5p	46	+3	—	—	—	—
443	207	Fairline Boats 10p	428	+10	†6.0	3.6	1.9	20.1
696	414	First Leisure £1	619	+2	†7.5	3.3	1.7	25.0
165	70	GRA Group 5p	150‡	......	‡a0.86	2.2	0.8	86.8
132½	48½	Grampian TVA 10p	72	......	2.3	3.4	4.4	9.3
78	48	‡Greenwich Comm.	58	......	—	—	—	—
388	202	HTV Non/Vtg.	388	......	†8.5	4.0	3.0	11.5
89	47	Horizon ASO.25	66	–6½	Q5c	—	4.8	—
*105	32	Juliana's Hldgs 2p	83	......	‡†1.83	1.0	3.0	31.4
1010	440	LWT	998	......	†18.15	3.6	2.5	15.2
353	152	Lee International 10p	353xd	......	3.3	◆	1.3	◆
181	54	Leisure Inv 10p	171	......	0.36	7.4	0.3	57.7
*144	66	Leisuretime Int 10p	140	–1	‡2.3	0.6	‡	—
151	100	‡Lewmar	140	+2	◆2.63	3.1	2.4	17.0
738	80	‡Marina Dev. 50p	665	–5	◆	—	—	—
232	160½	Mecca Leisure 10p	229	......	14.1	1.8	2.5	30.4
211	92	‡Media Tech Int 20p	210	......	2.8	4.5	1.8	16.1
*360	165	Medminster 10p	285	+2	†6.25	1.9	3.0	23.7
500	218	Midsummer Les 50p	500	+5	†4.0	3.9	1.1	34.4
260	175	‡Miss World 10p	260xd	......	†6.0	3.2	3.2	13.7
18	6	‡Missio Int 20c	17	+1	—	—	—	—
60	30	Ohio Corp. NZ$0.5	58	+2	Q5c	6.0	1.2	13.7
242	119	Orient Ex Hds $0.125	161	+1	—	—	—	—
158	42	Owners Abroad 3p	131	–3	a1.8	3.8	1.9	19.3
280	78	Photax (Lon.)	280‡	......	◆	—	—	—

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
140	75½	Anglo-Dominion	80	+2	—	—	—
90	21	¶Colby Res Corp.	73	+8	—	—	—
*300	127	Cons. Murch. 10c	273	......	Q60c	4.4	6.8
*70½	37½	‡Ennex Int. Ir10p	62	......	—	—	—
*440	139½	Greenwich Res	434	–3	—	—	—
£23⅞	963	Hemlo Gold Mines	£12⅞	+⅛	—	—	—
355	189	¶Highwood Res.	282	+2	—	—	—
629	£16⅛	Homestake Mining $1	629	......	Q30c	—	0.4
455	150	¶McFinley Red Lake	353	+3	—	—	—
166	38⅞	¶Musto Explorations	47½	+1½	—	—	—
160	37½	¶New Sabina Res C$1	141	+11	—	—	—
598	200	Northgate C$1	476	–6	—	—	—
237	104	Nor-Quest Resources	114	–4	—	—	—
£14½	698	RTZ	£13⅞	–⅛	†23.5	2.9	2.3
£359½	£113½	Do. 9⅛pcLn '95-2000	£281	–2	Q9⅛%	16.5	£5.4
39½	11	¶Thorco Res. Inc.||	28½	+½	—	—	—

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
495	180	Abbeycourt Group 10p	495xd	......	3.5	2.7	1.2	43.6
58	28	Aberdeen Am Pet 10p	48	–1	—	—	—	—
150	110	Allied Ins. Brokers	145	......	N4.0	2.5	3.8	16.2
83	61	Amertaeur Energy 10p	65	......	—	—	—	—
111	86	Andaman Res. 10p	95	–1	—	—	—	—
46	9	Ardmore Pet. 'A'	19	–1	—	—	—	—
285	102	Broadcast Comms.	225	+4	—	—	—	—
191	61	Cannotech 10p	191	+11	R2.0	1.9	1.4	49.2
103	45	Catalyst Comms. 5p	97	+2	—	—	—	40.3
200	153	Chelsea Artisans 5p	183	......	—	—	—	24.5
180	140	Comac Group 5p	157	+9	—	—	—	—
151	47	Corton Beach 10p	130	+2	0.4	◆	0.4	◆
225	150	Crown Eyeglass 5p	225	+10	—	—	—	—
*62	18	Eglinton Expln. I.R.5.	27	+2	—	—	—	—
41	15	Do. Warrants	16	+1	—	—	—	—
186	101	Far East Res. 10p	166	......	—	—	—	—
108	55	Gardner (J.) 5p	100	–1	R1.25	2.3	1.7	34.6
53	29	Haworth Group 5p	50	+3	—	—	—	42.1
139	115	Leading Leisure 5p	127	+1	0.9	3.1	1.0	36.7
90	40	Lynx Tech. 5p	88	......	b—	—	—	9.8
82	17	Publishing Hldgs.5p	64	+3	◆	—	—	37.1
87	45½	Thene Holdings	76	+2	1.0	1.9	1.8	40.8
186	140	UPL Group 10p	180	–3	L2.41	2.8	1.8	—
140	111	Unit Group	140‡	......	R4.6	2.5	4.5	10.0

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ¶ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- [illegible] Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- [illegible] Not comparable.
- [illegible] Same interim: reduced final and/or reduced earnings indicated.
- [illegible] Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- [illegible] No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98xd	......
Craig & Rose £1	763	......
Finlay Pkg. 5p	110xd	......
Holt (Jos) 25p	£10¼	+⅛
IoM Stm. £1	278	–5
IRISH		
Fund 11¼% 1988	£100¼xd	......
Nat. 9¾% 84/89	£98⅞	......
Fin. 13% 97/02	£106⅜	......
Arnotts	375	......
CPI Hldgs	88	+3
Carroll Inds.	188	......
Dublin Gas	40‡	......
Hall (R. & H.)	150	......
Helton Hldgs.	74	+9
Irish Ropes	285	......
Unidare	425	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	19
BAT	62
BOC Grp	50
BSR	17
BTR	36
Babcock	32
Barclays	52
Beecham	52
Blue Circle	50
Boots	30
Bowaters	50
Brit Aerospace	50
Brit. Telecom	28
Burton Ord	32
Cadburys	25
Charter Cons.	45
Comm Union	34
Courtaulds	45
FNFC	32
Gen Accident	95
GEC	22
Glaxo	200
Grand Met	50
GUS 'A'	125
Guardian	95
GKN	38
Hanson Tst.	17
Hawker Sidd	58
ICI	125
Jaguar	52
Ladbroke	45
Legal & Gen	32
Lex Service	45
Lloyds Bank	35
Lucas Inds	75
Marks & Spencer	22
Midland Bk	65
Morgan Grenfell	55
NEI	13
Nat West Bk	65
P & O Dfd	65
Plessey	20
Polly Peck	34
Racal Elect	32
RHM	35
Rank Org Ord	70
Reed Intnl	58
STC	30
Sears	16
TI	37
TSB	12
Tesco	18
Thorn EMI	65
Trust Houses	25
Turner Newall	26
Unilever	62
Vickers	28
Wellcome	42
Property	
Brit Land	30
Land Securities	50
MEPC	48
Peachey	40
Oils	
Brit Petroleum	32
Britoil	30
Burmah Oil	52
Charterhall	10
Premier	11
Shell	125
Tricentrol	11
Ultramar	26
Mines	
Cons Gold	125
Lonrho	28
Rio T Zinc	100

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	*Oct 22*	*Oct 23*	*Nov 2*

* New time dealings may take place from 9.00 am two business days earlier.

Equities lose early gains as Government bonds turn easier towards the close

The advance by the UK stock market faltered yesterday as renewed uncertainties over interest rates were reflected in a downturn in Government bonds. Share prices were sustained in the early part of the session by a buy programme, believed to be operated by Phillips & Drew, the large London securities house. But these deals were completed by mid-session and the early gains in blue chip stocks then proved vulnerable to an uncertain start on Wall Street.

Government bonds gave back the gains of the previous session, *closing with losses of ⅝ or so.* Bond traders expressed some concern over early losses in the New York fixed interest market. However, there was very little retail selling of UK bonds.

The FT-SE 100 index, 7.8 points up at best, *closed only 0.2 higher* on the day at 2368.3, while the FT Ordinary Index, at 1849.8, was 1.5 down.

The equity sector faced two potentially discomforting factors, in the form of disappointing profits from Amstrad, the computer and consumer electronics group, and a very poor outcome to the record £837m rights issue launched by Blue Arrow to fund its bid for Manpower, the US recruitment firm.

Shares in Amstrad, a market high-flyer earlier in the year, tumbled sharply on the news of profits *at the low end of City predictions.* The announcement checked an initial gain in a market also faced with the disclosure that only 49 per cent of the Blue Arrow rights shares had been taken up by shareholders—although the impact was lessened by the success of Phillips & Drew, the head underwriter, in placing the rest of the *shares at a small premium* to the market price. The City expected shareholders to take up around 70 per cent of the rights issue. The relative failure of the Blue Arrow rights meant a hefty drain on cash in yesterday's stock market.

However, prices renewed their advance later as the hints of "buy" *programmes circulated among* the traders. The market was also stimulated by the disclosure of significant developments in speculative situations. Higher bid terms were announced for Equity & Law, Tate & Lyle confirmed the sale of its stake in S & W Berisford, and Mr Robert Maxwell disclosed that he had lifted his stake *in Guinness Peat to 14.98 per cent.*

Beecham proved vulnerable to selling pressures ahead of an important meeting with City analysts, scheduled for next month. But Glaxo, with annual results due in October, continued to advance, while Reckitt & Colman rallied after Monday's fall.

The bond market was in a nervous mood at the close, when the easier trend in New York bonds *accompanied worries* surrounding Brazil's negotiations with its creditor banks. London is still concerned over the recent weakness in Japanese bonds in Tokyo, and could react quickly to any similar pressures in New York. *Technical pressures* are also against the London market at present, since trading houses are still holding stock taken aboard at the recent Treasury auction, which left a *sour taste* in the marketplace.

Amstrad's *preliminary results,* showing pre-tax profits of £135.7m, compared with the last time's £75.3m, were at the bottom end of market forecasts which had ranged from £135m up to almost £150m, and prompted a flurry of *selling* pressure.

The share price dropped from 196p to 172p immediately following the figures but later steadied to close a net 20 down at 175p after a turnover which topped 24m shares.

Analysts said they were slightly disturbed by the cautious nature of the statement accompanying the *figures which spoke of a* period of consolidation for the company.

Events in Equity & Law continued to dominate activity in life assurances. Only a day after French industrial group *Compagnie Du Midi sought to buy a stake* of up to 15 per cent in E & L—bidding 433p a share—*Ron Brierley* re-entered the takeover fray and launched a 450p a share bid for E & L. This is Brierley's second bid for E & L, the first bid, of 365p a share was made on September 4 and drew a counter offer of 400p a share and subsequent recom*mended offer of 446p in cash* and shares with a cash alternative of 435p a share, from Compagnie Du Midi.

E & L shares jumped to 467p before easing to close a net 19 higher at 454p, clearly demonstrating the market view that Compagnie Du Midi may make a third offer for the life group.

Alan Curtis, *life assurance* analyst at securities house BZW, said he expected the French group to make a further challenge for E & L although the group was regarded as being "fully valued" at current levels. Compagnie Du Midi, according to Mr Curtis, was "keen to get control" of E & L. It would be "unwise" to sell other shares in the sector, Mr Curtis added.

The big four banks displayed a *certain amount of nervousness,* which was attributed to the South American debt situation. Lloyds led the sector lower, closing 15 off at 369p reflecting its substantial exposure to the region's indebtedness. **Midland,** also heavily involved in South American debt, were additionally unsettled by vague rumours that Hanson Trust *had sold a small part of its* recently acquired stake in the bank, and dipped 10 to 538p.

FINANCIAL TIMES STOCK INDICES

	Sep. 29	Sep. 28	Sep. 25	Sep. 24	Sep. 23	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	85.51	85.86	85.45	85.39	86.38	82.89	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.76	92.02	91.64	91.72	92.11	89.98	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1849.8	1851.3	1831.6	1811.9	1843.2	1227.0	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	456.9	462.6	467.1	456.7	451.7	319.0	497.5 (9/9)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.17	3.16	3.19	3.27	3.17	4.52				
Earnings Yld. % (full)	7.75	7.73	7.81	8.00	7.76	10.37				
P/E Ratio (net) (*)	15.80	15.82	15.66	15.30	15.76	11.83				
SEAQ Bargains (5 pm)	37,458	37,445	47,178	39,901	38,460	—				
Equity Turnover (£m)	—	1329.58	1,809.22	1,774.01	2,710.82	663.64				
Equity Bargains	—	45,316	51,479	46,083	44,556	18,307				
Shares Traded (ml)	—	552.6	671.7	603.7	646.2	281.4				

S.E. ACTIVITY

Indices	Sep. 28	Sep. 25
Gilt Edged Bargains	108.3	132.1
Equity Bargains	293.6	333.6
Equity Value	2687.4	3656.9
5-Day Average		
Gilt Edged Bargains	124.9	130.5
Equity Bargains	300.5	304.4
Equity Value	3893.1	3988.1

♥ Opening 1855.9; 10 a.m. 1855.3; 11 a.m. 1857.1; Noon 1855.2; 1 p.m. 1855.5; 2 p.m. 1856.4; 3 p.m. 1854.9; 4 p.m. 1852.5

Day's High 1857.9 Day's Low 1849.6. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. * Nil=15.58.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Insurances were given a major boost by the latest bid for E & L. Dealers said Pearl was regarded as the next most vulnerable stock in the sector and the latter's shares rose 14 to 468p. London and Manchester also a bid target moved up 11 to 364p as did Abbey Life, 8 up at 336p. Another good two-way business developed in Commercial Union 1½ harder at 414½p where traders confidently expect a near 5 per cent stake to be revealed in the near future. **Willis Faber** jumped *a further 15* to 380p—a two-day gain of 34—with dealers more inclined to *believe stories that the Robert* Holmes a Court-controlled Dewey Warren, 19 up at 326p, may be about to launch a bid for Willis, partly to acquire its 20.9 per cent stake in merchant bank **Morgan Grenfell.** The latter crept up 3 to 554p.

Consultant engineers **WSP Holdings** staged a highly successful *debut in the Unlisted Securities* Market; the shares, placed at 60p, opened at 85p and touched 99p prior to closing at 88p.

Leading Building issues attracted good support, but overall *gains* were generally modest. **Blue Circle** moved up 6 to 466p, while **Rugby** added 3 to 280p following comment on the interim results. Some 2.6m **BPB** shares changed hands and the price settled dearer at 363p. **Steetley** rallied 6 to 378p.

Aberdeen Construction highlighted the second-liners, rising *50 to 324p after confirmation of a* bid approach; the company's attraction appears to be its Scottish property portfolio and market makers reckon that an aggressive property development company could be the as yet unnamed suitor. Contracting and Construction group **AMEC** were also mentioned as a possible buyer. Plant hire companies were *firm* anticipating good results from Hewden-Stuart which reports half-year figures next week. Hewden firmed 4½ to 141½p, while **Vibroplant** rose 10 to 745p. Elsewhere, **British Dredging,** which enjoyed a speculative run on Monday, came back 9 to 234p; the interim results are due next week. In the Timber section, **Meyer International** gained 12 to 445p; dealers cited an excellent set of interim results from Hunter as the main reason for the price rise, but market makers also hinted that a broker's recommendation may be in the offing.

Markheath Securities bid speculation lifted **Coates Brothers** A 13 to 396p.

Storehouse again held the limelight among Retailers, rising another 21 to 407p—a two-day advance of 58—on the disclosure that Mr Tony Clegg's Mountleigh had effectively returned to the *fray* by announcing the purchase of 3.75m Storehouse shares at 383p apiece—representing around 1.8 per cent of the total equity. Another 30m shares were traded in Storehouse yesterday with strong indications that Mr Clegg was again involved. The audacious share-exchange offer from *Benlox, the small engineering* and investment group, now values Storehouse at 478½ per share.

GEC, where 13m shares changed hands, added 6 to 222p, and Plessey (5m shares traded), edged up to 216p reflecting the proposed cooperation over System X. **Cable & Wireless,** again boosted by expectations that the company is *set to gain* entry into the Japanese telecoms market, jumped 7 to 505p, with over 10m shares going through the market. **Thorn-EMI** advanced 13 more to 711p; an analysts trip to the US is scheduled for October 12 and a series of presentations to stockbrokers are expected to commence on November 3.

The **Engineering Employers'** Federation view of continued growth in output volume again stimulated the sector, but buying interest tended to switch from leading to other quality issues. The list of gains was long with **Matthew Hall,** 8 up at 245p, and Adwest, 7 higher at 318p, singled out *for* special mention. **Rolls Royce** rallied 4 to 209p and **EMI** moved further ahead to 258p following the sale of a French subsidiary, but TI gave back part *of Monday's gain to close 10 off at* 462p.

J. Sainsbury gathered fresh momentum from bullish advice from County Securities to end at 282p, but there was little else worthy of note in Foods. A technical tipsheet recommendation and talk that further acquisitions were in pipeline touched off persistent buying of **Hughes Food,** 11 higher at 161p, but **Christian Salvesen** lost 7 to 185p after Scringeour Vickers had downgraded its profit forecast *because of a very poor pea* harvest. **Tesco** suffered from eleventh-hour fears of a possible rights issue accompanying today's interim figures and settled 5½ off at 193p.

Leading international stocks gave a very *steady* performance. **Pilkington** continued to attract support in the wake of the recent *Japanese presentation and rose 8* to 338p, while English China Clays gained a similar amount to 551p. **Reed International,** in which Mr Rupert Murdoch was recently identified as a shareholder—his stake is thought to be around 3 per cent—gained 8 to 581p. **Cookson** settled a shade lower at 810p following details of the £45.1m *acquisitio of Polyclad Laminates,* a leading US manufacturer of epoxy-based laminates used in the production of printed circuit boards. **Redfearn** found support at 513p, up 19, while **Hunter** gained ⅛ to £12⅜ in reply to excellent interim figures.

Publishers continued to feature **United Newspapers** which advanced another 17 to 650p as investment confidence was buoyed by Press comment highlighting the group's potential appeal to US operators. Proceedings among Paper/Printing counters centred on **Shadwick,** the expansion-minded public relations group, which spurted 58 to 748p reflecting the sharply increased preliminary profits.

Long-established speculation of a pending merger revived and sent **Hammerson "A"** up 37 to 700p but its rumoured partner, **British Land,** eased slightly to 345p. **Peachey** came on offer after profits in line with expectations and a surprise cash call. The price finished 17 lower at 432p but analysts feel the group is now taking positive steps. Alec Pelmore of Morgan Grenfell reckons the rights issue, raising some £32m, is pitched at a very sensible discount and that the shares look interesting with the accent on the Carnaby Street development. Trading news lifted **Helical Bar** 8 to 350p and **Dencora** 5 to 200p. Elsewhere, **Southend Stadium** rose 18 to 237p.

The appearance of a few buyers in a limited market raised **Gaskell Broadloom** 20 more to a 1987 high of 270p, while a combination of domestic and US support lifted **BAT Industries** to the best ever level of 704p, up 11.

Financial Trusts presented several good *features,* including **British & Commonwealth,** up 7 at 529p, and **Britannia Arrow,** 4½ dearer at a peak for the year of 212p. **National Home Loans** responded to renewed demand, jumping 17 to 208p, while **Parrish** rose 50 to 690p in front of tomorrow's interim results. Trading statements helped **Abingworth** *gain 4 to 312p* and **Centreway Trust** improve 2 to 106p. Elsewhere, **London Investment** moved up 4½ to 80p.

Traded Options

Dealers reported substantially improved volume in traded options. Total contracts struck *amounted to just over 60,000*—a sizeable increase on Monday's activity. A fair proportion of the session's business was directed towards **Rolls-Royce** positions; the October calls were particularly lively and the 195 series attracted *1,387 trades, while the 205 and 215* series recorded 2,566 and 2,581 trades respectively. Rolls-Royce also contributed 1,752 puts. Optimism on the group's potential penetration into the Japanese telecommunications market stimulated demand *for* **Cable and Wireless** with 2,668 calls traded, the October and January 460's accounting for 628 and 573 calls respectively. **Amstrad** attracted 1,499 calls and 1,057 puts in the wake of the preliminary figures. Other classes to the fore included **Thorn EMI, British Gas** and **Racal. Hanson Trust** puts came in for large support with 4,589 trades struck, most of which were transacted in the March and January 180's which attracted 2,025 and 2,509 trades respectively.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	6,300	203	−2	Ladbroke	808	457	−2
Allied Lyons	2,900	445	−5	Land Securities	1,100	604	−6
Amstrad	25,000	175	−20	Legal & Gen.	2,500	364	+4
Argyll Group	2,000	295	—	Lloyds Bank	1,400	369	−15
Assoc. Brit. Foods	263	338	−2	Lonrho	8,200	334½	+5½
BAT	5,500	704	+11	Lucas	405	787	+2
BET	2,400	295	+1	MEPC	1,400	565	−3
BICC	933	421	−5	Marks & Spencer	7,700	241	—
BOC	936	548	−2	Midland Bank	3,000	538	−10
BPB Inds	2,600	363	+2	Natwest Bank	1,300	757	−3
BPCC	1,000	367	−1	Next	1,800	376	—
BTR	1,800	365	+1	Pearson	1,100	945	+4
Barclays	1,100	601	−7	P & O	422	738	−1
Bass	834	£10¼	−¼	Pilkington Bros	6,400	338	+8
Beecham	2,600	594	−4	Plessey	5,300	216	+1
Blue Circle	875	466	+6	Prudential	957	£10⅞	+⅛
Boots	2,200	310	−1½	Racal	7,600	329½	+13½
Brit. Airways	1,300	215	—	Rank Org.	633	710	−5
Brit. Aero	1,400	531	−4	RHM	528	554	—
Brit. & Comm.	2,000	529	+7	Reckitt & Col	771	£10½	—
British Gas	8,200	174	—	Redland	1,100	514	+1½
BritOil	2,200	332	+2	Reed Intl.	2,400	581	+8
BP	2,300	377	+½	Reuters	677	906	+4
Brit. Telecom	11,000	261½	−½	RMC	1,200	514	+2
Bunzl	2,100	244	+9	RTZ	490	£13⅝	−⅛
Burton	3,700	288	−6	Rolls-Royce	14,000	209	+4
Cable & Wire	11,000	505	+7	Rowntree	305	553	−2
Cadbury Schwps	2,700	280	—	Ryl Bank Scotland	2,400	422	+2
Coats Viyella	951	409	−3	Royal Insurance	1,200	585	−2
Comm. Union	2,700	414½	+1½	STC	2,300	291	−5
Cons. Gold	514	£14¼	−¼	Saatchi & Saatchi	792	559	+1
Cookson	485	810	−2	Sainsbury	1,900	282	+2
Courtaulds	664	531	−3	Scott & Newcastle	2,600	262	−6
Dee Corpn	4,800	210	−4	Sears	7,200	171	—
Dixons Group	1,000	376	−4	Sedgwick	1,700	298	+8
English China Clays	771	551	+8	Shell Trans	2,500	£13¼	—
Fisons	2,500	356	+4	Smith & Nephew	1,800	192	−3
Gen. Accident	165	£11¼	—	Standard Chart	650	828	−2
Gen. Elect	14,000	222	+6	Storehouse	30,000	407	+21
Glaxo	689	£17⅛	+⅛	Sun Alliance	270	£11⅞	+⅛
Globe Investment	782	180	+2½	TSB	1,200	138	−1
Granada	877	332	−1	Tarmac	2,100	304	+1
Grand Met	2,700	580	−3	Tesco	5,800	193	−5½
GUS "A"	400	£14⅛	−⅛	Thorn EMI	4,700	711	+13
Guardian R.E.	222	£11½	+⅛	Trafalgar House	2,900	402	+3
GKN	416	411	−7	T'house Forte	4,500	250	−5
Guinness	3,500	374	+2	Ultramar	578	280	−5
Hammerson	813	700	+37	Unigate	1,200	365	−5
Hanson Trust	3,900	183	+½	Unilever	1,000	699	−6
Hawker Sidd	299	594	+1	United Biscuits	413	315	−2
Hillsdown Hldgs	2,300	350	−6	Wellcome	2,000	554	−11
ICI	1,600	£16½	—	Whitbread "A"	1,500	326	−3
Jaguar	1,600	575	+1	Woolworth	2,800	348	−9

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (270)

AMERICANS (6), BANKS (1), BREWERS (3), BUILDINGS (5), CHEMICALS (6), STORES (7), ELECTRICALS (16), ENGINEERING (7), FOODS (1), HOTELS (1), INDUSTRIALS (30), INSURANCE (4), LEISURE (2), MOTORS (1), NEWSPAPERS (3), PAPERS (9), PROPERTY (2), SHIPPING (1), SHOES (1), SOUTH AFRICANS (1), TEXTILES (4), TOBACCOS (1), TRUSTS (40), OILS (7), OVERSEAS TRADERS (1), PLANTATIONS (1), MINES (9), THIRD MARKET (2).

NEW LOWS (7)

CORPORATION LOANS (2) Birmingham 15½pc 1989, Do 11½pc 2012, ELECTRICALS (1) DDT Group, TRUSTS (1) Biotechnology Invs., OILS (1) Total-Cie "B," MINES (2) Independent Res., Ayer Hitam.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	103	8
Corporations, Dominion and Foreign Bonds	2	17	36
Industrials	597	346	636
Financial and Properties	239	91	286
Oils	41	25	47
Plantations	6	1	7
Mines	44	73	73
Others	149	44	54
Totals	1,080	700	1,147

FT-ACTUARIES WORLD INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tue Sep 29 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Mon Sep 28 Index No.	Fri Sep 25 Index No.	Thu Sep 24 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (212)	997.83	+0.5	7.04	2.82	17.83	17.43	993.33	985.09	974.45	645.44
2	Building Materials (30)	1250.01	+1.0	7.58	2.89	16.45	21.17	1237.79	1219.30	1197.35	749.39
3	Contracting, Construction (33)	1850.53	+0.8	6.64	2.71	20.12	27.76	1835.37	1834.67	1819.65	1141.19
4	Electricals (12)	2528.28	−0.7	4.96	2.69	25.79	46.23	2545.27	2521.97	2509.96	1683.95
5	Electronics (35)	2102.94	+0.6	7.66	2.39	17.02	34.51	2090.42	2081.37	2059.12	1399.78
6	Mechanical Engineering (59)	534.79	+0.4	7.30	3.18	17.23	10.70	532.81	526.82	521.13	352.61
8	Metals and Metal Forming (7)	581.23	−0.1	6.90	2.81	17.59	8.88	581.96	570.25	567.23	330.12
9	Motors (14)	404.02	−0.4	7.24	2.78	16.16	5.75	405.56	400.34	397.25	263.15
10	Other Industrial Materials (22)	1725.18	+0.2	6.82	3.01	19.75	35.24	1721.86	1715.52	1702.77	1196.72
21	CONSUMER GROUP (182)	1369.23	−0.2	5.97	2.53	21.32	17.74	1372.19	1354.32	1337.30	896.76
22	Brewers and Distillers (22)	1231.32	−0.5	8.23	2.99	15.36	17.51	1237.84	1210.87	1192.70	890.87
25	Food Manufacturing (23)	1017.99	−0.6	7.24	3.05	17.83	16.30	1024.11	1012.38	1008.14	676.77
26	Food Retailing (16)	2509.60	−0.7	5.70	2.33	23.36	36.85	2526.42	2477.89	2466.71	1856.67
27	Health and Household Products (10)	2672.78	−0.1	3.87	1.52	29.90	16.41	2676.72	2666.92	2607.93	1470.60
29	Leisure (31)	1428.97	−0.3	5.76	3.09	21.71	27.70	1431.89	1420.89	1399.44	893.23
31	Packaging & Paper (15)	710.18	+1.9	5.94	2.56	22.16	10.75	697.24	686.39	680.49	448.78
32	Publishing & Printing (13)	4993.71	+0.8	4.16	2.90	30.83	67.01	4986.55	4943.42	4782.55	2548.30
34	Stores (36)	1113.56	−0.2	6.33	2.61	21.38	14.37	1115.56	1097.82	1087.18	824.77
35	Textiles (16)	904.60	−0.5	6.98	2.54	16.60	12.15	908.72	897.01	878.41	519.33
40	OTHER GROUPS (89)	1173.02	+0.4	7.42	3.02	16.79	28.55	1168.85	1163.20	1150.50	736.12
41	Agencies (18)	1729.19	+0.2	3.65	1.31	36.02	15.86	1726.33	1722.68	1716.90	0.0
42	Chemicals (21)	1520.79	—	6.46	3.02	18.93	32.41	1520.55	1521.60	1504.99	961.19
43	Conglomerates (12)	1506.50	+0.3	6.87	3.12	16.64	22.10	1502.47	1495.22	1466.16	0.0
45	Shipping and Transport (12)	2376.73	+0.2	7.10	3.46	18.52	51.44	2371.26	2365.23	2351.91	1435.82
47	Telephone Networks (2)	1090.58	+0.2	9.30	3.71	14.35	18.98	1088.42	1084.64	1070.36	715.77
48	Miscellaneous (24)	1763.76	+1.2	8.60	2.66	13.89	32.28	1742.74	1728.52	1704.92	1020.94
49	INDUSTRIAL GROUP (483)	1234.80	+0.1	6.65	2.74	18.96	18.96	1233.40	1221.61	1207.36	798.25
51	Oil & Gas (17)	2277.07	+0.1	7.28	4.30	16.97	65.09	2274.31	2248.53	2214.75	1350.55
59	500 SHARE INDEX (500)	1323.33	+0.1	6.74	2.96	18.64	22.93	1321.82	1308.84	1292.95	844.76
61	FINANCIAL GROUP (118)	874.75	+0.1	—	3.52	—	18.77	873.65	865.77	858.03	570.07
62	Banks (8)	863.13	−1.2	15.46	4.51	8.55	25.98	873.60	870.93	863.43	629.29
65	Insurance (Life) (9)	1227.54	+1.7	—	3.60	—	25.73	1206.62	1193.88	1176.02	885.81
66	Insurance (Composite) (7)	685.57	+0.4	—	4.02	—	15.97	682.93	675.79	670.86	439.94
67	Insurance (Brokers) (8)	1231.76	+2.3	9.03	4.65	14.17	36.87	1204.58	1182.87	1169.21	1167.02
68	Merchant Banks (12)	504.57	−0.1	—	2.57	—	8.31	504.89	500.67	499.97	316.95
69	Property (47)	1338.70	+0.1	3.66	2.23	35.36	14.54	1337.71	1318.34	1305.58	725.21
70	Other Financial (27)	595.89	+1.0	5.83	2.66	21.94	9.51	590.16	580.40	580.81	330.71
71	Investment Trusts (91)	1190.67	+0.7	—	2.05	—	14.35	1182.41	1172.49	1164.39	769.75
81	Mining Finance (2)	693.17	−1.0	6.59	2.52	17.23	10.41	700.04	698.19	680.22	381.42
91	Overseas Traders (10)	1318.03	+0.3	6.86	3.61	17.29	29.58	1314.56	1291.85	1269.29	663.60
99	ALL-SHARE INDEX (721)	1300.47	+0.1	—	3.01	—	21.48	1296.99	1195.42	1181.64	768.79

	Index No.	Day's Change	Day's High	Day's Low	Sep 28	Sep 25	Sep 24	Sep 23	Sep 22	Year ago
FT-SE 100 SHARE INDEX ♦	2368.3	+0.2	2375.9	2367.3	2368.1	2342.6	2313.4	2302.4	2336.2	1555.8

FIXED INTEREST

	PRICE INDICES	Tue Sept 29	Day's change %	Mon Sept 28	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	120.26	−0.14	120.42	—	8.89
2	5-15 years	133.93	−0.43	134.51	—	10.50
3	Over 15 years	141.33	−0.55	142.11	—	10.29
4	Irredeemables	155.29	−0.17	155.55	—	8.81
5	All stocks	131.62	−0.35	132.09	—	9.99
	Index-Linked					
6	5 years	120.00	−0.03	120.04	—	2.18
7	Over 5 years	111.15	−0.50	111.71	—	2.60
8	All stocks	111.72	−0.46	112.23	—	2.55
9	Debentures & Loans	114.50	+0.23	114.66	0.42	7.80
10	Preference	82.98	−0.04	83.04	0.12	4.81

	AVERAGE GROSS REDEMPTION YIELDS		Tue Sep 29	Mon Sep 28	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.62	9.56	9.65
2		15 years	9.91	9.84	10.26
3		25 years	9.74	9.68	10.28
4	Medium Coupons	5 years	10.32	10.23	11.20
5		15 years	10.17	10.09	10.64
6		25 years	9.94	9.90	10.28
7	High Coupons	5 years	10.41	10.31	11.32
8		15 years	10.34	10.27	10.86
9		25 years	9.99	9.94	10.37
10	Irredeemables†		9.96	9.92	10.08
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.47	3.45	4.81
12	Inflation rate 5%	Over 5 yrs.	4.13	4.09	3.72
13	Inflation rate 10%	5 yrs.	3.49	3.47	3.45
14	Inflation rate 10%	Over 5 yrs.	4.13	4.10	3.56
15	Debs & Loans	5 years	11.60	11.40	11.34
16		15 years	11.51	11.39	11.51
17		25 years	11.34	11.39	11.58
18	Preference†		10.97	10.97	11.28

♦ Opening index 2373.3; 10 am 2370.4; 11 am 2375.8; Noon 2372.4; 1 pm 2373.1; 2 pm 2374.5; 3 pm 2372.3; 3.30 pm 2373.8; 4 pm 2369.8

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
CONSTITUENT CHANGES: Mercantile House (70) has been deleted and replaced by Singer & Friedlander (68).

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*447)	390	62	70	83	2	5	8
	420	34	46	62	4	13	18
	460	9	25	38	22	32	38
Brit. Airways (*215)	190	26	—	—	2	—	—
	200	16	28	35	5	12	16
[illegible]							

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
LASMO (*379)	330	49	67	72	6	16	21
	360	29	46	56	14	21	30
	390	15	32	42	32	39	47
Plessey (*217)	180	42	48	58	2½	4	8
	200	26	34	40	6	10	14
[illegible]							

September 29. Total Contracts 40,004. Calls 28,535. Puts 11,469. FT-SE Index Calls 2,411. Puts 2,468 *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§110	F.P.	18/9	121	98	Adscene	111	......	L2.5	1.9	3.1	23.4
221	F.P.	—	265	221	Alexander (W)	265	+4	4.25	2.9	2.3	21.7
—	F.P.	—	26	21	Atlantic Assets Wrnts	24	+3	—	—	—	—
‡‡	F.P.	—	84	65	BHP Gold Mines A$0.25	79	......	—	—	—	—
90	F.P.	—	100	85	*ChemEx. Intl.	90	......	—	—	—	—
§50	F.P.	9/9	101	58	♦Corp. Estates Prop.5p	95	−6	L0.75	2.4	1.1	51.8
§106	F.P.	—	158	135	♦Dolphin Pack 5p	150	......	L2.0	3.5	1.8	21.3
10	F.P.	11/12	13¼	10	EFM Dragon Trust 5p.	13¼	+½	—	—	—	—
‡‡	F.P.	—	265	255	English & Caledonian Inv.	265	+4	—	—	—	—
—	F.P.	—	67	63	First Spanish I.T. Wrnts.	64	−2	—	—	—	—
100	F.P.	—	107	99	G.T. Venture 50p.●	99	......	—	—	—	—
‡‡	F.P.	—	135	92	♦Goldsborough Grp: 1p.	128	−2	—	—	—	49.2
‡‡	F.P.	—	110	70	Do. Warrants	110	+5	—	—	—	—
—	F.P.	—	23	22	Independent Inv. Wrnts	22	......	—	—	—	—
121	F.P.	—	154	78	Kesson	135	......	—	—	—	—
§100	F.P.	—	145	108	Kingston Oil & Gas 50p	122	+1	—	—	—	—
100†	F.P.	—	177	115	*Medirace 10p	177	......	—	—	—	—
—	F.P.	—	98	55	Moorgate Inv. Warr.	90	......	—	—	—	—
§100	F.P.	—	108	103	New Guernsey Securities	108	+5	—	—	—	—
§110	F.P.	4/8	281	185	♦Parkway 5p.	250	......	R1.5	4.2	0.8	39.4
§10.58	F.P.	—	$21¼	$15	Portugal Fund $0.01	$19⅝	......	—	—	—	—
‡‡	F.P.	—	128	105	*Seacon Holdings	118	......	—	—	—	—
—	F.P.	26/10	118	101	Singer & Fr'dlander 10p.	113	+2	—	—	—	17.9
§60	F.P.	—	95	85	♦WSP Hldgs. 5p	88	......	R1.4	3.0	2.2	20.7
‡‡	F.P.	—	166	143	Zetters Leisure 10p.	160	−1	L2.5	3.7	1.5	29.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
100	F.P.	—	108p	105p	AGB Research 6.21 Cnv. Prf.	107p	−1
100	F.P.	—	101p	100½p	Brit. & Comm. 6½p.c.Cn. Red.Prf.	100½p	......
100p	F.P.	—	102p	97p	Chesterfield Props 5¼pc Cr. Cnv. Prf.	101p	......
‡‡	F.P.	—	145p	130p	Merlin Intl. Cum. Red. Cnv. Prf.	133p	......
—	F.P.	—	100¼	99⅝	N'wide Anglia 10⅜ pc. 12.9.88	100¼	......
—	F.P.	—	100⅝	99⅝	Do. 10⅝ pc.26.9.88	99⅝	......
‡	Nil	—	9⅝pm	6⅛pm	Next 5¼% Cnv. 2003	8⅛pm	......
—	£25	11/11	25½	12¼	North Housing Assoc. 8¾% Gtd.Ln.2037	15¼	−¼
—	F.P.	—	270p	200p	Do. Zero Corp. Ln. 2027	220p	......
100p	F.P.	—	113p	110p	♦Wandsworth Tst. 7% Cum. Cnv. Red. Prf.	112p	+2

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
[illegible]							

[illegible]

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (Continued)

HONG KONG

JAPAN

JAPAN (Continued)

SINGAPORE

SOUTH AFRICA

CANADA

TORONTO

Closing prices September 29

MONTREAL

Closing prices September 29

NEW YORK

Indices

NEW YORK ACTIVE STOCKS

LONDON — Most Active Stocks
Tuesday, September 29, 1987

	Stocks Traded	Closing Price	Change on Day
Storehouse	38.0m	407	+21
Amstrad	25.0m	175	−20
Rolls Royce	14.0m	288	+4
Gen Elect	14.0m	222	+5
Brit Telecom	11.8m	261½	−½
Cable & Wire	11.0m	505	+7
Brit Gas	8.2m	174	unch
Lonrho	8.2m	334½	+5½
Marks & Spencer	7.7m	241	unch
Racal	7.0m	329½	+13½

TOKYO — Most Active Stocks
Tuesday, September 29, 1987

	Stocks Traded	Closing Prices	Change on Day
Nippon Steel	132.66m	426	−8
Toshiba	67.38m	815	unch
Nippon Kokan	47.44m	353	−3
Hitachi Ltd	46.99m	1,550	−10
Sumitomo Metal	45.94m	333	−4
Kawasaki Steel	41.77m	333	−7
Showa Denko	38.93m	752	+8
NEC	28.01m	2,480	+90
Mitsubishi Heavy Ind.	28.37m	675	unch
Mitsubishi Elec	21.34m	785	−11

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:

Abbey Life	336	+8
Aberd. Const.	324	+50
BAT Inds.	704	+11
Dewey Warr.	326	+19
Equity & Law	456	+21
Gask. Broadloom	270	+20
Gee (Cecil)	128	+22
Hall (Matthew)	245	+8
Hammerson A.	700	+37
Hel. Bar	350	+6
Hughes Food	161	+11
Lon. & Manch	364	+11
Meyer Intl.	445	+12
Nat. Home Loans	208	+17
Pilkington	338	+8
Racal Elec.	329½	+13½
Redfearn	573	+19
Shandwick	748	+58
Stonehill	107	+11
Storehouse	407	+21
THORN EMI	711	+13
Utd. Newsp	650	+17

FALLS:

Amstrad	175	−20
Llyds Bk	369	−15
Midland Bk	538	−10
Peachey Prop.	432	−17
Salvesen (Chr.)	185	−7
TI Gr.	462	−10

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 47

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
38 1/2	21	AAR s	.50	1.3	23	21	37 5/8	37 1/2	37 5/8	-1/8
52	23 3/4	ADT	.92	1.8	29	19	52	51 3/4	51 3/4	
31 1/4	16 3/4	AFG s	.16	.5	11	2032	u31 7/8	30 1/2	31 3/4	+1
25 1/4	6 7/8	AGS s			23	1017	u25 3/8	24	24 5/8	-1/4
10 1/2	6 3/4	AMCA				2	9 5/8	9 5/8	9 5/8	-1/8
9 5/8	4 7/8	AM Intl			69	615	7	6 7/8	6 7/8	-1/8
65 1/2	50 1/2	AMR			11	3224	55 3/4	54 1/4	54 3/4	-1/4
25	22 1/4	ANR pf 2.12		9.5		1	22 3/8	22 3/8	22 3/8	
12 1/4	8 1/4	ARX s			10	269	10 1/2	10 3/8	10 3/8	
73 1/2	34 3/8	ASA	2a	3.2		278	62 7/8	62 1/4	62 5/8	-1/2
21 1/8	9 3/4	AVX			41	124	21 1/4	20 5/8	20 5/8	-5/8
67	41 1/8	AbtLab	1	1.7	24	7065	59 7/8	58 5/8	59 5/8	+1 1/4
28	23 1/4	Abitibi g				123	24 3/4	24 5/8	24 5/8	
16 3/4	9 3/4	AcmeC .40		2.9	14	361	14	13 1/2	13 7/8	+3/8
10 1/2	6 1/8	AcmeE .32b		3.5	56	9	9 1/4	9	9	-1/4
23 7/8	19	AdaEx 3.42e		16.		69	22 1/8	21 7/8	22	
79 1/2	10	AdmM s .24		1.7	11	489	14	13 1/4	13 7/8	+5/8
28 7/8	12 1/8	AdvSys .62t		2.4	17	323	27	25	26	-7/8
24 1/2	12 7/8	AMD				5083	22 7/8	22 1/4	22 5/8	+1/4
56 3/8	47	AMD pf	3	5.6		1630	54	53 3/8	53 1/2	+1/8
11 7/8	5 1/4	Adobe				204	9 1/8	8 7/8	8 7/8	-3/8
20 1/2	14 3/4	Adob pf 1.84		9.5		12	19 5/8	19 3/8	19 3/8	
21 7/8	17	Adob pf 2.40		12.		20	20 3/4	20 1/2	20 1/2	
15	10 5/8	Advest .12a		1.0	9	291	11 3/4	11 5/8	11 5/8	+3/8
68 1/4	53	AetnLf 2.76		4.6	9	2270	60 7/8	60 3/8	60 3/4	+3/8
83 1/2	28 7/8	AflPb s .32		.5	21	106	70 1/4	68 5/8	68 3/4	-1 3/4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 1/8	8 1/4	MDC	.40	4.0	7	468	10	9 7/8	10	+1/8
28 5/8	19 1/2	MDU	1.42	7.1	14	58	20 1/4	20 1/8	20 1/8	
10	6 1/2	MEI			115	306	7	6 7/8	6 7/8	-1/8
10 3/4	9 1/2	MMT n	1.23	13.		1007	9 3/4	9 5/8	9 3/4	+1/8
10 3/4	8 1/2	MFM n	.73	8.2		388	9 1/8	8 7/8	8 7/8	-1/8
10 1/4	9 1/4	MGI n	1.16	12.		825	9 5/8	9 3/8	9 1/2	+1/8
14 7/8	8	MGMUA				92	10 1/8	9 7/8	10	
4	7/8	MHI Gp				142	2 7/8	2 3/4	2 7/8	
76 5/8	39 1/2	Macmil .72		1.0	29	1093	72 1/4	70 1/2	71 1/2	-1/2
17 1/2	11 5/8	Malayss				164	13 7/8	13 5/8	13 3/4	+1/8
16 7/8	11 1/2	Manhin .20b		1.4		7	14 5/8	14 1/4	14 5/8	
11 7/8	6 3/8	ManhNt			251	6 3/4	d	6 3/8	6 3/8	-1/4
21 5/8	15 3/4	ManrCr .13		.7	16	4625	18 3/4	18 1/8	18 3/8	+1/8

Continued on Page 47

خطأ من الأصل

هكذا من الأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 46

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32 3/8	8 7/8	OwenCn			12	752	23 1/8	22 3/4	22 3/4	
18 5/8	10	OxfdF s	.24	1.7	10	10	14 1/2	14 1/2	14 1/2	−1/8
19	13 3/8	Oxford	.50	3.4	15	609	15	14 1/2	14 3/4	−3/8
P Q										
45	29 3/4	PHH	1.08	2.8	16	58	39 1/4	38 7/8	39	−1/8
53 1/2	31 3/4	PPG s	1.08	2.3	16	1630	46	45 1/2	46	+1/4
17 5/8	14 3/8	PacAS	1.54	10.		38	15 1/8	14 7/8	14 7/8	−1/8
27 3/8	18 5/8	PacGE	1.92	10.	11	4025	19 1/8	18 3/4	18 3/4	−1/8
60 3/8	46	PacLtg	3.48	6.0	14	385	58 7/8	57 1/2	57 5/8	−1 1/2
17 3/8	11 3/8	PacRes	.10e	.8	29	70	12	11 7/8	11 7/8	−1/8
27	20 3/4	PacRs pf	2	9.4		15	21 3/8	21 1/8	21 3/8	
20 1/4	13 5/8	PacSci	.40	2.2	33	77	18 5/8	18 3/8	18 5/8	+1/8
33 1/8	22 1/2	PacTele	1.64	5.0	13	2453	u33 3/4	32 1/2	32 3/4	−1/4
39	31 7/8	Pacificp	2.52	7.2	9	452	35 1/4	34 3/4	34 7/8	−1/8
26 7/8	11 1/4	PacoPh			10	456	11 3/4	11 1/4	11 3/4	+1/2
39 1/8	27 1/4	PainWb	.52	1.7	11	2295	31 7/8	31 1/4	31 1/4	+3/8
26 1/2	21 1/2	PainW pf	1.37	6.2		607	22 1/4	21 3/4	22	+1/4
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23	14 5/8	TwinDs	.70	3.2	30	9	22 1/4	21 7/8	21 7/8	−1/4
28 7/8	16 1/2	TycoL s	.24	.9	35	757	26 7/8	26 1/2	26 3/4	+1/8
15 3/4	11 3/8	Tyler	.40	2.7	26	63	15	14 7/8	14 7/8	
U U U										
27 1/8	16 5/8	UDC	2.20	13.	6	290	16 7/8	d16 1/2	16 7/8	+1/8
32	25 1/2	UGI	2.04	7.4	10	48	28	27 3/8	27 3/4	−1/8
13 3/4	8 1/4	UNCInc			19	1061	13 1/8	12 7/8	13	
31 3/8	20 5/8	UNUM n	.30e	1.3		631	23 7/8	23 3/8	23 3/8	−5/8
23	14 1/2	URS	.96t	4.9	19	1264	20 1/2	19 5/8	19 5/8	−5/8
48 3/4	36 1/4	USFG	2.48	6.3	8	2627	40 1/4	39 1/4	39 5/8	+1/4
62	50 1/2	USFG pf	4.10	7.9		17	51 7/8	51 1/2	51 7/8	+5/8
48 5/8	31	USG	1.12	2.3	11	11978	u49 1/2	47 1/2	49 1/2	+1 1/8
28 1/2	20 7/8	USLICO	.88	3.5	11	39	25 3/4	25 3/8	25 1/2	
32 7/8	13 5/8	USPCI s			39	210	27 3/4	27 3/8	27 3/8	−1/8
[illegible]										
X Y Z										
85	51 1/4	Xerox	3	3.8	18	3311	79 7/8	79 1/4	79 1/4	−3/8
58 1/4	53 3/8	Xerox pf	5.45	10.		8	54 1/4	53 7/8	54 1/4	+1/4
31 1/2	21 7/8	XTRA	.64	2.2	23	25	29	28 1/2	28 5/8	
27 7/8	25 5/8	XTRA pf	1.94	7.0		23	27 3/4	27 3/4	27 3/4	+1/4
32 1/2	16	Yorkin			15	182	32 1/4	31 5/8	31 3/4	+1/8
7 1/4	2 1/4	Zapata				248	5 1/8	5	5	
32 7/8	20 3/4	Zayre	.40	1.3	11	4108	31	30 1/4	30 3/8	−5/8
14 3/4	10 3/8	Zemex	.40	2.8	9	116	14 3/8	13 3/4	14 1/4	+1/2
33 5/8	18 7/8	ZenithE			110	1241	28 3/8	27 7/8	27 7/8	−5/8
13 1/2	6 1/4	ZenLab				819	7 3/8	7	7 1/8	
26 1/2	18 3/4	ZenNtl	.80	3.7	13	120	21 1/2	21 3/8	21 1/2	
20 3/8	12 3/8	Zero	.36	1.8	20	272	19 7/8	19 1/2	19 1/2	−1/8
30 3/4	17 1/2	Zumin s	.68	2.6	17	330	26 1/2	25 7/8	25 7/8	−5/8
10 3/8	8 3/4	Zweig	.55e	6.3		1429	u10 1/2	10 1/4	10 3/8	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 45

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Rally blunted by setbacks among quality issues

WALL STREET

DESPITE a sharp jump of more than Y2 in the value of the dollar yesterday. Wall Street stock and bond prices fell, *writes Roderick Oram in New York.*

Bond prices gave up overnight gains abroad and slipped about one point as the Treasury began a heavy series of securities auctions. Trading was light and nervous as concern spread that long term interest rates were heading higher world-wide.

Stocks had opened up modestly *after Monday's healthy gains but* the poor performance of bonds dragged them down late in the session. The Dow Jones industrial average closed down 10.93 points at 2,590.57. It had been off more than 25 points half an hour before the close.

Broader market indices followed a *similar pattern leaving the* Standard & Poor's 500 index of 1.51 at 321.69 and the New York Stock Exchange composite index down 0.68 at 180.06.

New York Stock Exchange trading volume was moderately heavy at 174.5m with the number of issues declining outnumbering those rising *by a ratio of three-to-two.* Traders said investors were taking a wait and see attitude.

The market's slide was influenced by continuing declines of some of the biggest blue chips. IBM fell $2¼ to $150½, Du Pont was off $1⅞ to $118⅛, General Electric gave up $1 to $61¼, Eastman Kodak was off *$1¼ to $102¾* and *Philip Morris* shed $1¼ to $118.

Salomon Inc. spurted $2⅛ to $36⅞ on nearly 3m shares making it one of the most active NYSE issue following the announcement that Revlon, the cosmetics group run by Mr *Ronald Perelman, the noted corporate* raider, intends to buy a stake in it.

Stocks of other securities houses were buoyed by signs that major investors believe they are undervalued. The sector has been depressed *for well over* a year by a tight squeeze on profits, expansion into new activities and more intense competition.

Among Salomon's competitors, Merrill Lynch added $⅝ to $38, Shearson Lehman rose $⅝ to $26, Paine Webber *gained $⅝* to $31⅛ and E. F. Hutton advanced $1⅛ to $37½.

Dayton Hudson rose $1 to $59¼. Dart Group, unchanged at $155, said it increased its offer for the Minneapolis-based retailer to $68 a share from $65.

Erbamont gained $2½ to $29⅛ on reports that Montedison, the Italian chemical group, had received an of*fer for its 85 per cent stake in the* pharmaceutical company.

Belco, a transportation management company, jumped $8 to $31 after it said it was talking with a party interested in acquiring it.

J. C. Penney advanced $1⅛ to $59¼. The leading retailer said it would buy back 15m shares, about 10 per cent of those outstanding periodically at prices the company considers desirable.

USG gained a further $1½ to $49½. The stock of the building materials manufacturer has risen *sharply recently on speculation it* was a takeover target.

Gulf & Western advanced $2¼ to $86½. Several brokers added the financial services, publishing and entertainment group to their recommended lists.

ARCO Chemical was the most active New York Stock Exchange *stock in its first day of trading* as more than 5.6m traded with a clos*ing price of $35⅛.* Atlantic Richfield, its parent which has retained more *than 80 per cent of the stock, issued* 17m shares at $32 a share.

Wall Street's credit markets were undermined by the feeling that the sharp rise in Japanese interest rates yesterday was the start of a jump in rates world wide. Dealers *were also concerned whether* investor demand would materialise for the Treasury auctions which began yesterday.

The price of the benchmark 8.75 per cent Treasury long bond opened slightly higher in New York from the previous day but quickly shed overnight gains made in Tokyo and *London. By late afternoon it was off* 1⅜ of a point from the opening at *91⅜ yielding 9.78 per cent.*

In total the Treasury will sell $58.1bn of bills and notes this-week and next. The Treasury began yesterday with $9.26bn of two-year notes at an average yield *of 8.57 per* cent and will auction $9.25bn of one-year *bills today followed by $12.8bn* of 80 and 171 day bills tomorrow.

The market is already looking ahead to the $7.25bn of four-year notes next Tuesday and $6.75bn of seven-year notes on Wednesday. Both issues were postponed from *last week because of congressional* delays in raising federal government's debt ceiling.

CANADA

LOWER GOLD issues pulled stocks *in Toronto downwards, although* declines were generally small. A drop in the bullion price sent Placer Dome C$⅜ lower to C$26⅜ but Echo Bay held steady at C$37⅛.

Banks were mixed with Bank of Nova Scotia slipping C$⅛ to C$15⅝, Royal Bank advancing C$¼ to C$32⅜, Bank of Montreal unchanged at C$31⅛ and Toronto Dominion Bank down C$⅛ at C$31⅛.

Among blue chips, Seagram advanced C$1¼ to C$101, Bell Canada Enterprises slipped C$⅛ to C$39⅝ and Canadian Pacific was unchanged at C$28⅛.

International Thomson which announced an *increase in its yearly* dividend, firmed C$⅛ to C$14⅛.

Mining issues generally moved higher, with Noranda climbing C$⅜ to C$35½, Alcan Aluminium advanc*ing C$⅛ to C$47⅛ and Inco firming* C$⅛ to C$30⅛.

Bombay unruffled by tax package

INDIAN STOCK markets have reacted calmly to the introduction of a 5.5bn rupee tax package designed partly to finance the *country's 21bn rupee drought* relief measures. Worries over the *tax measures sent prices in* Bombay, India's biggest exchange, *tumbling earlier this month.*

The taxes, introduced on Friday, include a 10 per cent surcharge on personal and corporate taxes and a new levy on imports. Investors appear to consider these levels light, and the Bombay Stock Exchange 30-share index yesterday edged down 4.57 from Monday's close to 444.63. The exchange was at a standstill last week owing to a strike by *jobbers. It closed at* 464.50 prior to the boycott.

Bearishness over the taxes was offset by buying from Government-owned investment institutions and optimism over an accord between India and Sri Lanka. India's *other* markets have been little changed, lacking any *strong lead from Bombay,*

Meanwhile, Bombay jobbers are still aggrieved that the Government has not immediately acceded to their demand that the ceiling for their daily business be raised to 2.5m rupees from the *present limit of 1m rupees. They* called off last week's boycott after the Government appointed a committee to study their demands, but are said now to feel tricked into calling off the strike.

The government ordained committee is expected to be ready to make its recommendations within three weeks. It is thought that it will recommend that restrictions on trading be removed as confidence returns to the Indian markets.

However, turnover on the Bombay exchange was just over 5bn rupees *during July and August,* about half the average monthly turnover of 11.33bn recorded last year. Brokers say the present market weakness will persist at least until the prospects for the winter harvest are known, in a couple of months.

The market is also awaiting *news on the amount of* World Bank drought relief to be made available *this year and for the* announcement of a new credit policy from the Indian reserve bank, the country's monetary authority.

R. C. Murthy

EUROPE

Export-led blue chips take heart from higher dollar

THE HIGHER dollar provided some cheer in Europe yesterday by lending support to export-led blue chips on major bourses. Swiss *stocks responded most enthusiasti*cally and rose to an annual high *while Scandinavian bourses* took an opportunity to resume upward movement. However the French and Belgian markets remained cautious.

Frankfurt was lifted by the firmer dollar and Wall Street's rally on *Monday. The Commerzbank index* of 60 leading shares rose 22.2 in moderately active trading.

Retailing issues led the market higher, with Karstadt advancing DM12.50 to DM597 and Kaufhof firming DM5.70 to DM518.20.

Machinery issues were buoyed by news of more orders during August. *Linde gained DM7.50 to DM743.50* and MAN was up DM4.30 at DM191.80.

Porsche paced the cars sector, adding DM18 to DM998 after a DM18 rise on Monday on news of good group profits despite a decline in sales. *Daimler-Benz climbed DM8* to DM1,072 and BMW was up DM3 at DM737.

Blue chips, banks and chemicals were mixed with a firmer bias.

Public authority bonds posted sharp falls in quiet trading as for*eign and demestic investors stayed* away. The Bundesbank bought DM53.2m worth of paper after buying DM32.6m on Monday.

Zurich saw foreign investors return to the floor after a marked absence. The higher dollar prompted widespread buying, notably in banking issues, and pushed the Crédit Suisse index up 7.3 to a record of 624,1.

Amsterdam moved gently upwards as the firmer dollar promoted buying in blue chips and selected issues, but gains were small and trading continued thin. The ANP-CBS index inched up 0.2 to 102,3.

Royal Dutch was actively traded but closed Fl 1.20 lower at Fl 268.50. Akzo ended 70 cents lower at Fl 177.00, while Philips gained 20 cents to Fl 51.50. Unilever slipped 20 cents to Fl 139.50.

Paris slipped narrowly lower in calm trading as concern over foreign interest rates and pessimism *over the domestic economy* continued to weigh on the market. The CAC index was down 0.9 at 416.7 with the moderate losses evenly spread.

Brussels remained nervous but volume picked up from the previous day due to selective buying. The Brussels stock index slipped 1.04 to 5,140.42.

Stockholm saw institutional in*vestors return in force and* active buying in blue chips initiated a broad-based rally which pushed the Veckens Affarer all-share index up 13.6 to 1,167.5.

Oslo staged a partial recovery after Monday's losses as selective demand lifted the all-share index 4.78 to 420.61 in moderate trade worth *NKr122.4m.*

Milan turned nervous as insurance issues and the Fiat group posted losses after leading the market over the past week. Prices varied widely throughout the session as investors trimmed their portfolios. *The MIB index slipped 3 to 883* as gains in textiles, paper and pub*lishing helped to offset losses* elsewhere.

Madrid edged slightly higher after a quiet, mixed session which saw moderate gains in construction and foods. The general share index inched up 0.85 to 310.24.

London

THE UK stock market's advance faltered as renewed uncertainties over interest rates clouded the bond and equities markets.

The FT-SE 100 index closed 0.2 higher at 2368.3, while the FT Ordinary Index lost 1.5 to close at 1849.8.

Government bonds gave back the gains of the previous session, closing with losses of ⅛ or so. Traders expressed some concern over early losses in the New York fixed interest market. However, there was very little retail selling of UK bonds.

Details, Page 44

SOUTH AFRICA

GOLD STOCKS fell with the lower bullion price in Johannesburg and failed to find support from the dip in the *financial* rand.

Vaal Reefs was R8 off at R452 and Randfontein R5 down at R440. Freegold slid R1.25 to R54.75 and Southvaal R4 to R204. Mining fi*nancials* weakened with golds, with Anglo American R1 down at R88.

Gencor, though, continued to ride support for *its new gold mine* and added R1.50 to R75.70.

Platinums firmed and saw Lydenburg up R1.50 at R49.75 and Bustenburg 50 cents higher at R59 after foreseeing higher first-half profits.

Industrials were mixed to easier, with sector leader Barlow Rand down 20 cents at R28.15.

ASIA

Nikkei rises again despite steep drop in steels, bonds

TOKYO

A SURGE in high-technology stocks, reflecting a weaker yen, lifted Tokyo prices yesterday, although the bond market's plunge sent steels tumbling, *writes Kenji Sakamoto of Jiji Press.*

The Nikkei average closed 160.66 points up at 25,998.00 after recov*ering the 26,000 mark at one stage* for the first time in almost a month. Turnover fell to 1.18bn shares from Monday's 1.50bn shares, mirroring the weak performance of large-capitalisation issues. Advances outnumbered declines by 515 to 372, with 151 issues unchanged.

The market firmed at the opening, aided by strong buying and the Dow Jones index's over*night surge above 2,600 on* Wall Street. It faded later, however, in a swift correction of recent sharp gains. The bond market's fast fall also helped the equity lose momentum.

Buying shifted from large-capitals to high-technology electricals and precision instruments. Electric *wires – which have lagged lately* – were also sought, along with trading houses, pharmaceuticals and chemicals.

Nippon steel remained the most active stock, with 133.95m shares traded, but ended Y8 lower at Y425 on profit-taking after matching its peak of Y437 at one point. Nippon Kokan, *third busiest* with 47.44m shares, weakened Y3 to Y353, as did Sumitomo Metal Industries, fifth with 45.94m shares, Y4 to Y333 and Kawasaki Steel, sixth with 41.77m shares, Y7 to Y333.

Heavy electricals also eased after *recent strong gains:* Toshiba Corp, the second busiest issue with 67.96m shares, closed unchanged at Y815 after gaining Y10 to Y815 in early trading. Hitachi, on trade of 46.90m shares, dropped Y10 to Y1,550 and Mitsubishi Electric, tenth with 21.34m shares, Y11 to Y705.

Conversely, high-tech stocks were bought almost across the board, with NEC Corp soaring Y90 to a record *Y2,400 on the ninth* largest volume of 29.01m shares, Matsushita Electric industrial Y40 to a record Y2,840, Sony Corp. Y360 to Y5,500, Cannon Y90 to Y1,280 and Ricoh Y30 to Y1,400.

Reflecting the lackluster performance of large-capitals, the share of the 10 most active stocks in overall turnover fell to 41.8 per cent, slipping below 50 per cent for the first time in 10 sessions.

Bonds plunged on concern that interest rates were set to rise, sparked by the news that the Bank of Japan unexpectedly did not offer to buy certificates of deposit despite *the maturing of Y100bn* of CDs bought by the central bank last June.

The view gained ground among dealers that the central bank will let short-term *interest rates drift* higher.

The yield on the bellwether 5.1 per cent government bond maturing in June 1996 opened at 5.935 per cent against Monday's 5.785 per cent finish and rose steadily, closing *at a high for this year of* 6.145 per cent. On the futures market, the December contract incurred a maximum allowable daily loss.

TAIWAN share prices posted their biggest ever single session fall in record turnover as the market reacted to Government moves to reduce margin loans for most stock to 20 per cent from 30 per cent, Reuters reports from Taipei.

The weighted stock index dived 153.39 to 4,318.23, *beating* the previous single day fall of 145.78 on September 4. Volume of trade jumped to a peak of T$32.92bn from T$27.47 on September 21. The Taiwan market was closed on Monday for a national holiday.

Falls were steepest among *banking, food, insurance* and plastic issues. Construction stocks made the sole gains.

SINGAPORE

EARLY momentum supplied by bargain-hunters was scotched as investors took profits, leaving Singapore share prices mixed in moderade trade. The Straits Times industrial index rose 4.52 to 1,411.51.

Jurong Shipyard, busiest on trade of 1.04m shares, fell back 2 cents to S$3.00. Sime Darby, another active, was 8 cents off at S$3.54.

UIC and First Capital Corp both resumed trading after a day's suspension, adding 16 and 13 cents respectively to S$3.62 and S$1.77. UIC said it will proceed with its bid for First Capital following stock exchange approval.

HONG KONG

PROFIT-TAKING and rumours of a rights issue by a member of the Jardine group pulled Hong Kong share prices down from record levels in lower trade. The Hang Seng index closed down 25.17 at 3,859.48.

The market largely *shrugged off* news of Evergo group company Chinese estates' cash call, leaving it 14 cents off at HK$1.83 and Evergo itself 4 cents down at HK$1.18.

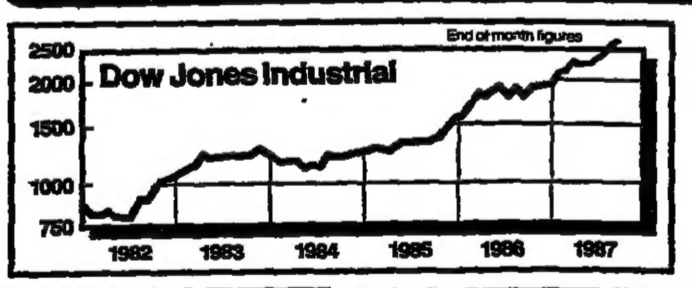
Banks suffered from the profiteers, with Hang Seng down 50 cents *at HK$51 and Hongkong Bank off* 30 cents at HK$10.80.

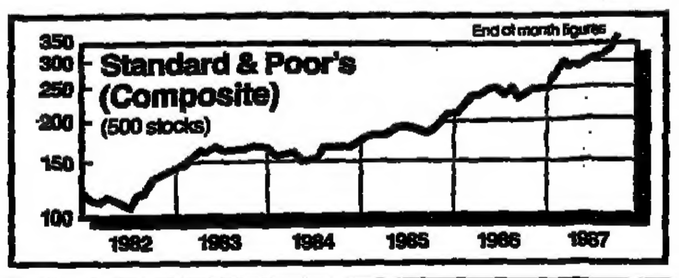
AUSTRALIA

THE FALTERING bullion price and news of Government restrictions on overseas investment in *Australian property nudged Sydney* share prices further down. The All Ordinaries index closed down 11.2 at 2,263.

Golds were hardest hit in the sell-off. Metana was down 50 cents at A$15.10, Newmont 20 cents at A$3.80 and *Kidston* 10 cents at A$7.70. Gold Mines of Kalgoorlie proved the exception with a 55 cent gain to A$10.25.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Sept 29	Prev	Year ago
NEW YORK			
DJ Industrials	2,590.57	2,601.50	1,755.20
DJ Transport	1,037.14	1,036.09	769.63
DJ Utilities	196.84	197.43	198.84
S&P Comp.	321.69	323.20	229.91
LONDON FT			
Ord	1,849.8	1,851.3	1,227.0
SE 100	2,368.3	2,368.1	1,539.20
A All-share	1,208.47	1,206.99	768.79
A 500	1,323.33	1,321.82	844.76
Gold mines	456.9	462.6	323.8
A Long gilt	9.99	9.94	10.59
World Act. Ind (Sept 28)	137.94	135.69	96.40
TOKYO			
Nikkei	25,998.0	25,837.34	18,108.3
Tokyo SE	2,139.15	2,140.14	1,532.50
AUSTRALIA			
All Ord.	2,263.0	2,274.6	1,257.2
Metals & Mins.	1,420.0	1,429.7	638.5
AUSTRIA			
Credit Aktien	227.51	226.87	237.49
BELGIAN SE			
SE	5,140.40	5,141.40	3,865.34
CANADA			
Toronto			
Met.& Mins.	3,371.7	3,383.4	2,132.38
Composite	3,909.7	3,928.9	2,951.7
Montreal			
Portfolio	1,941.41	1,949.28	1,489.40
DENMARK SE			
SE	—	206.79	198.50
FRANCE			
CAC Gen	416.70	417.60	384.2
Ind. Tendance	107.80	108.40	92.44
WEST GERMANY			
FAZ-Aktien	642.69	636.38	551.29
Commerzbank	1,976.30	(u)	1,952.8
HONG KONG Hang Seng	3,859.48	3,884.65	2,064.30
ITALY Banca Comm.	—	640.47	746.40
NETHERLANDS ANP CBS			
Gen	—	311.50	274.6
Ind	—	259.00	274.5
NORWAY Oslo SE	582.28	556.80	371.24
SINGAPORE Straits Times	1,411.50	1,406.90	812.97
SOUTH AFRICA JSE			
Golds	—	2,310.0	1,843.0
Industrials	—	2,239.0	1,381.0
SPAIN Madrid SE	310.24	309.59	199.23
SWEDEN J & P	3,054.20	(u)	2,438.75
SWITZERLAND Swiss Bank Ind	720.60	716.10	543.7

COMMODITIES (London)

	Sept 29	Prev
Silver (spot fixing)	484.40p	485.30p
Copper (cash)	£1,144.50	£1,147.00
Coffee (Nov)	£1,310.00	£1,299.00
Oil (Brent Blend)	$18.625	$18.635

GOLD ($/oz)

	Sept 29	Prev
London	$460.25	$462.25
Zürich	$459.75	$461.85
Paris (fixing)	$458.54	$461.16
Luxembourg	$458.75	$461.30
New York (Dec)	$464.40*	$465.50

CURRENCIES (London)

	US DOLLAR Sept 29	US DOLLAR Previous	STERLING Sept 29	STERLING Previous
$	–	–	1.6285	1.6420
DM	1.8395	1.8250	2.995	3.00
Yen	146.15	144.10	238.0	236.5
FFr	6.1225	6.0625	9.97	9.9875
SFr	1.5285	1.5140	2.49	2.485
Fl	2.0695	2.0535	3.37	3.3725
Lira	1,327	1,315.5	2,161	2,160
BFr	38.15	37.85	62.15	62.15
C$	1.3100	1.345	2.1330	2.1555

INTEREST RATES

	Sept 29	Prev
Euro-currencies (3-month offered rate)		
£	10⁹⁄₁₆	10⅛
SFr	4⅛	3⅞
DM	4⅜	4
FFr	8⅛	8
FT London Interbank fixing (offered rate)		
3-month US$	8⅛	7¾
6-month US$	8⅝	8⁵⁄₁₆
US Fed Funds	8*	7⁷⁄₁₆
US 3-month CDs	7.50*	7.625
US 3-month T-bills	6.675*	6.74

FINANCIAL FUTURES

Sept 29	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	82-03	82-23	81-21	82-16
US Treasury Bills (IMM) $1m points of 100%				
Dec	92.75	92.84	92.72	92.81
Certificates of Deposit (IMM) $1m points of 100%				
Dec	—	—	—	93.98
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.47	91.62	91.47	91.57
20-year Notional Gilt £50,000 32nds of 100%				
Dec	113-31	114-19	113-29	114-28

US BONDS

Treasury

	September 29 Price	September 29 Yield	Prev Price	Prev Yield
7¼ 1989	98⁴¹⁄₃₂	8.518	98²⁴⁄₃₂	8.443
7 1994	93	9.621	93¹⁴⁄₃₂	9.328
8½ 1997	94	9.975	94¹⁹⁄₃₂	9.492
8⅞ 2017	91²⁹⁄₃₂	9.722	92¹⁹⁄₃₂	9.649

Source: Harris Trust Savings Bank

Treasury Index September 29

Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	September 28 Price	September 28 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	91.875	7.20	91.75	7.23
SCBT South Central 10⅞ Jan 1993	101	10.63	101.25	10.57
Phibro Sal 8 April 1996	86.38	10.45	87.23	10.26
TRW 8⅞ March 1996	91.66	10.25	92.29	10.08
Arco 9⅞ March 2016	93.09	10.65	94.10	10.53
General Motors 8⅝ April 2016	77.50	10.85	78.37	10.53
Citicorp 8⅞ March 2016	84.60	11.15	86.37	10.94

Source: Salomon Brothers

* Latest available figures

طبق الأصل